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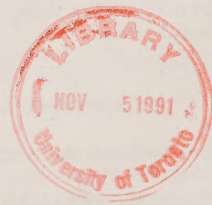
Le mercredi 25 septembre 1991

Standing committee on resources development

Agriculture funding

Comité permanent du développement des ressources

Subventions aux agriculteurs



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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For the last two years Hansard has been numbered according to the calendar year. Under this system, the numbering of issues and pages was restarted with the first issue in the calendar year, regardless of session or Parliament.

Under the new system, the sequence of numbering started in January 1991 will end with the final House and committee sittings of the present First Session. A new sequence will begin on the opening day of the Second Session, and each succeeding session, which will be issue 1 and begin with page 1. Committee reports likewise will be numbered from the first sitting of each committee in a parliamentary session.

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Avec le nouveau système, la numérotation commencée en janvier 1991 s'arrêtera à la dernière séance de la Chambre et des comités de l'actuelle première session. Une nouvelle série commencera le jour de l'ouverture de la deuxième session et des sessions suivantes : numéro 1, page 1. Les rapports des comités seront également numérotés à partir de la première séance de chaque comité pour une session parlementaire donnée.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday 25 September 1991

The committee met at 1603 in committee room 1.

AGRICULTURE FUNDING

Resuming consideration of the designated matter, pursuant to standing order 123, related to the state of emergency and the income crunch in Ontario agriculture.

The Chair: I have a couple of things to note at the outset. Welcome, of course, to people who have come here to Queen's Park this afternoon. I mention that there is coffee, tea, milk and fruit juices. It never fails to amaze me that at Queen's Park, of all places—I appreciate that the fruit juices are from our Windsor-area processing company and that some of them are apple—there is also some orange there, and I do not know of a whole lot of orange groves here in the province of Ontario. It is ironic that at a meeting of this sort, where we are talking about the agricultural community, we as a government could not show a little bit of leadership by ensuring that we are providing Ontario-based produce for refreshments during the course of these meetings.

Mr Mancini: I agree with you, Mr Chairman.

The Chair: The sad thing about it is that I got déjà vu, because it has been going that way for so long now that surely somebody can do something about it. As I say, it never fails to amaze me.

Mr Waters: Mr Chairman, with all due respect, you are the champion of great causes and I think that you are the person to go out there and fight this battle on behalf of the farmers and this committee.

The Chair: Is it any wonder why I put that on the record? That is first of all. So please make yourselves comfortable and get coffee, tea or juice.

We are considering a motion that was brought by Mr Cleary pursuant to section 123 of the standing orders. Basically, the area to be discussed is that in consideration of the state of emergency and the income crunch in Ontario agriculture, especially in the oilseed and grain seed sector, caused in part by the 35% drop in cash crop commodity prices, it has been requested that this inquiry and discussion take place. After hearing from all the participants, there will be discussion and a report prepared.

ONTARIO AGRICULTURAL COMMODITY COUNCIL

The Chair: The Ontario Agricultural Commodity Council is here. There are four of you. I would ask you to please tell us who you are and then commence with your comments, leaving hopefully a healthy part of the hour for us to ask questions and engage in dialogue with each of you.

Mr Jaques: We thank you for this opportunity. I am John Jaques from Thamesville, Ontario. I am an asparagus producer and chairman of the commodity council. On my left is George Dmetriuc, chairman of the wheat producers

and a grain and oilseed grower. Glynn Waterton is a vice-chairman and he is from the pork board. Terry Daynard is a staff person from the corn producers and also a farmer himself. I will read through the brief, if that is all right, and then we should have a fair amount of time for questions after that.

The Ontario Agricultural Commodity Council is a coalition of 18 agricultural commodity organizations in Ontario. OACC members include almost every producer association or marketing board in the province concerned with the production and marketing of grain and oilseeds, for example, corn, soybeans, wheat, canola, oats and barley; horticultural crops—there are over 120 different ones grown in Ontario; specialty crops such as white beans and coloured beans, and red meat, which is pork and beef. The names of the member organizations are listed at the back of the brief.

Although the Ontario Agricultural Commodity Council is not a member of the Ontario Federation of Agriculture, the two organizations work in close co-operation. OACC activities involve issues which tend to be commodity specific while the OFA is a general farm organization concerned with broader issues affecting farm families and the food producing industry of Ontario.

The Ontario Agricultural Commodity Council represents over 50,000 farmers through its member organizations. The annual farm-gate value of our produce is over \$3 billion. This equates to about two thirds of the total farm production in this, Canada's most important agricultural province. The total value of primary agricultural production in Ontario, at about \$5.3 billion this year, is almost 40% larger than the second-largest province, Alberta. To this must be added the large employment and monetary value associated with input suppliers and dependent food processors and marketers.

Thousands of Ontario's farmers are facing this year the worst economic conditions in memory. This is particularly so for grain and oilseed farmers, but the situation is a little better for horticulture and red meat, for example, pork and beef producers. The situation has been properly labelled a crisis by Ontario farm groups, the Canadian Minister of State (Grains and Oilseeds) and others familiar with the financial and social agony now tormenting the farming community in Ontario.

The desperate economic condition of Ontario farm families is a result of injurious internal trade and subsidy practices which have served to depress prices of many major Ontario farm commodities below levels which would otherwise prevail. Ontario grain and oilseed prices have fallen during 1991 from values which were already at or near all-time lows, measured in inflation-adjusted dollars, to levels as much as 30% lower.

Existing Canadian and Ontario income support programs have proven woefully inadequate to address the disastrous

effect which this is having on the economic and social wellbeing of Ontario farm families and indeed on the entire fabric of rural southern Ontario. In some parts of Ontario, the problem has been rendered even more severe by the occurrence of hail or summer drought.

It must be emphasized that the problem is not the inherent inefficiency of Ontario farmers nor fundamental flaws in the agricultural fabric of this province. Despite public policies which hamper our competitiveness—for example, pesticide policies, labour policies, etc.—Ontario farmers are known for their competitive efficiency and productivity. There are not large surpluses of the farm products which we produce. Our diversity and focus on value-adding—and job-creating—processing in Ontario versus raw product exports are the envy of other provinces.

Subsidy levels for Ontario farmers are markedly lower than in other Canadian provinces and far lower than in most other developed countries. This in fact is a dominant reason for present farm problems in Ontario. We can compete against other farmers; we cannot compete against other national, provincial or state treasuries without comparable support from our governments.

Because of the inadequacy of present farm income support programs, Canadian governments, both federal and provincial, have developed two new complementary income support programs for producers of grains and oilseeds and other farm commodities. Unfortunately, these new programs, commonly called the gross revenue insurance plan, or GRIP, and the net income stabilization account, which is called NISA, will not be fully operational for grains and oilseeds until the next crop marketing year. There is no plan to introduce GRIP for horticultural producers.

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The expectation of better support programs in future years is of little comfort to large numbers of Ontario farm families facing a desperate income situation in 1991 and the inability to protect themselves from creditors expecting near-term payment for 1991 cropping expenses. Without immediate help, thousands of Ontario farmers will not remain in business until next year or are likely to enter 1991-92 in such desperate financial condition that future survival is unlikely, even with the new support measures.

Recognizing the need to bridge the gap, Canadian agricultural ministers, including the Ontario Minister of Agriculture and Food, agreed upon principles for 1991 assistance at a meeting in Regina in March. The principles included the commitment that transitional assistance provided in 1991 as a bridge to new safety nets will be directed at providing a transition from income levels attained during the pre-GRIP-NISA period based on those expected with GRIP and NISA.

Calculations made by Ontario farm groups using government data show that total income for 1990-91 for corn, soybeans and winter wheat will be at least \$124 million lower than what would have been the case if GRIP and NISA had been in place, and these calculations do not include income deficiencies associated with depressed marketings of other Ontario farm crops.

Ontario farm groups have recommended several mechanisms by which this shortfall can be met. We are asking the

government of Canada to implement a number of measures including a top-up of benefits under the Agricultural Stabilization Act for 1990-91, for the final year of this program before GRIP enters as its replacement for 1991-92 and the increased payment via the first-year NISA program.

But agriculture is a shared jurisdiction and the provincial government is equally responsible for the wellbeing of Ontario food producers. The Ontario government has been also asked to recognize its responsibility to Ontario farmers by supporting the NISA program this year and by increasing payouts under the Ontario farm income stabilization plan for 1990-91. Drought and hail problems in 1991 have emphasized serious shortcomings in Ontario's crop insurance programs and these must be corrected immediately.

We acknowledge and are appreciative of the interim payments on the 1991-92 revenue insurance program for Ontario grain and oilseed producers announced on September 17. It must be stressed, however, that this constitutes assistance for low 1991-92 crop prices. Assistance for 1991-92 cannot and must not be portrayed as a solution to income problems associated with the previous crop year.

Finally, we emphasize that this is not a problem of a few farmers, as some have suggested, nor is it just confined to those with high debt loads. We become deeply concerned when government spokesmen talk of restricting assistance to those in need, implying that substantial numbers of producers do not fit this category.

How well would the rest of society function if it had experienced gross income reductions coupled with increased operating costs in the range of one third to two thirds? We submit there is scarcely a single commercial cash cropper in the province, one who depends on crops as a dominant source of his family income, who is not under major to severe financial strain because of the present conditions. Unless corrective action is taken immediately by governments, many of these farmers will not be around to take advantage of the new safety net programs next year or, alternatively, they will enter 1992 in such a desperate financial condition that the new programs will not prevent their ultimate demise.

At stake is the survival of many Ontario family farms, but it is more than that. It is a question of the extent to which the government of Ontario is willing to fight for the sustainability of crop farming in this province. It is a question also of the extent to which Ontarians value Ontario-grown food and whether they are willing to allow the continuation, or indeed the acceleration, of the trend for increased importation of foreign-grown and foreign-processed food.

It is also a question of jobs. One job in five in Ontario depends on food and farming. Are governments willing to let these value-added jobs go down the drain, as well as the future of Ontario farmers?

Members of the Ontario Agricultural Commodity Council appreciate the opportunity to meet with the standing committee on resources development of the Ontario Legislature. Thank you very much, and if there are any questions, we can certainly try to answer those for you.

The Chair: Thank you, sir. I would note that the minister, Elmer Buchanan, has joined us once again. We appreciate his obvious interest in these discussions. We have got 15

minutes per caucus for conversation, so there is lots of time. People should not feel obliged to use all of it up, because they can always come back. Other things may come to mind as other people ask other questions. Mr Cleary.

Mr Cleary: Gentlemen, first of all I would like to thank you for your excellent brief. Your brief differs somewhat from a group that we had in here on Monday—the Canadian Bankers' Association. You say in your brief, Ontario families will have a hard time to protect themselves from creditors. That differed somewhat from what the bankers had said. I have no difficulty with what you said, because I know it is right. They had said they did not see that it would be much harder collecting their loans this fall than it was in previous years. I have a number of other questions, but if you wanted to add anything to that—

Mr Dmetriuc: I do not know exactly what the specific comments were, but the reference to "it's going to be harder"—it is going to be harder.

I cannot confirm what I am going to say in a moment because I have not had the time to do it within the last couple of days, but my understanding is that the minute the combine goes into the field, right now at harvest time, the banks are calling in their notes immediately. So in effect what they are doing is not giving the producers the opportunity to store. They have to sell at whatever price is available and they are going to get their money right out of the field. We will be following this up with some individuals who have indicated that that has already happened to them.

Now, what does that mean as far as the banking institutions are concerned? I am not really sure at this point. We have been told over the last month and a half that in actual fact a further 25% of the farmers who do have accounts in financial institutions will not qualify for credit for next year. That statement has already been made by banks. Whether that is a banking policy or whether that is an individual, I guess it depends on the extent to which they want to call in their outstanding debt.

Mr Daynard: Could I just add a couple of comments to that? It is our impression that banks are becoming less and less significant as a source of credit to the farm community. There is no question at all in the farm community that banks are reducing their exposure in the agricultural community and have been doing that steadily for a number of years. So they tend to represent a source of credit to farmers who still have a little better equity position than others. Everybody is moving downhill, but that is our impression. A high percentage of the credit to farmers at the moment comes from suppliers, fertilizer dealers, seed dealers, and so on in the community, and they do not have any great source of wealth that they can rely on, either, and they need payback fairly quickly.

An awful lot of farmers are operating with no source of credit at all. That is why we put in the comment about debt load. Some of them cannot get access to have a debt load and basically they are operating from hand to mouth. They hope they are going to be able to sell enough stuff to pay some bills.

I would also make the comment that George Dmetriuc and I sit on a national committee dealing with this that

meets occasionally in Winnipeg, but not as often as we would like. There is a representative of the Canadian Bankers' Association on there, and that representative, whose name I have forgotten, has made it very clear that the Canadian Bankers' Association totally supports the grain farmers of Canada, understands their plight, and enjoins us in calling on governments to provide some assistance. We believe those kinds of statements made to us face-to-face represent the position of the bankers' association.

Mr Cleary: I understand from your brief that until the new programs fully kick out, you need another patch on the boot for this year to get your groups through to 1992.

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Mr Jaques: Just a comment on that: The new programs will kick in for some commodities. There are no new programs, other than NISA, for horticultural crops. We have been working hard on that, but at this point there is nothing available for horticultural producers. There is a light at the end of the tunnel for the grains. It certainly needs something to patch us up to get it through. We do not need a loan on next year's. The advance on the GRIP payment is certainly nice, but it is like saying, "Well, I know you need some cash now, so we are going to give you part of your next November paycheck now, but then next November you won't get any." So that is not a solution to the problem.

Mr Cleary: Everyone else is talking about cross-border shopping. Would you gentlemen care to comment on how that affects your groups?

Mr Jaques: It probably affects horticulture as much as anything. In horticulture we are not as concerned with the consumer driving across the bridge and picking up a bag of apples as we are our processors driving across the bridge and picking up semi loads because of the different standards in the US and in Canada.

I can give you a specific example of asparagus. The labour costs for asparagus in Washington state for harvesting are about a third of what they are here in Ontario. It is easy to say you should raise the price of your product. Our processor says: "Fine, you raise the price of the product, but it doesn't matter. I will just buy it out of Washington state." Our price is set by what they can land the product from the US for, and there is no complicated formula. If he can buy it from the US and land it here for 95 cents, he is not going to pay us 96, because he would not be competitive. So that is cross-border shopping, expanded a little bit.

Mr Mancini: I too think your brief is quite well done and right to the point. It has made some of the statements we have heard while we have been out in the farm community come to life right here in this committee. It is important to have your brief. It is important to have you say the things you have said because, as my colleague Mr Cleary stated earlier, we have been receiving conflicting advice.

I want to say to Mr Daynard that I am going to try to get you a copy of the brief from the Canadian Bankers' Association that was given to us, I believe, on Monday of this week. I think that you will find some of the statements that have been made in the brief very disturbing indeed. Not only did the Canadian Bankers' Association downplay

the financial crisis in the farm community, it appeared to me anyway that they suggested that government assistance was an unnecessary intervention and would distort the marketplace. We have a different view, and I believe your view is different also. It is our view, and I believe your view, that the trade war between the United States of America and the European common market is what has already distorted the marketplace—all the hidden subsidies that are given out.

I would like to also make a comment about your words on the advance GRIP payment. I agree with you entirely. To give you next year's money now and not have any for next November, I believe, while nice, is the wrong policy to follow. I would have hoped that if the promises made by the government had been kept, they would not be tapping into your next year's GRIP payment, because there would have been an extra \$50 million there if the promises had been kept.

So I want to know from you, Mr Jaques, what are you going to do next year in November? What are you going to tell the organizations you represent next year in November when the advance payment has already been given to you, and you have already used it in order to continue your operations, when next November comes and there are no finances?

Mr Jaques: We are concerned that it is just going to keep on going. Next November we will borrow from the following year, and so on and so on. Our understanding from the governments was that there would be bridge financing to go from the pre-GRIP-NISA era to the GRIP-NISA era. There is a gap in there of a year. Unfortunately, it was one of the poorest years on record. If it had been an excellent year, I do not think there would have been any complaints. There would not have been anybody asking to borrow on next year's NISA or asking for extra funding. But it was not a bumper year. It was a terrible year, and it has put all of us in a hole that we just cannot seem to dig ourselves out of. Borrowing on next year's paycheck is going to help the cash-flow at the present time but we are going to have to pay the piper down the road somehow.

Mr Mancini: It is an interesting way to spend one's money—spend the money that you do not have when you are not to receive it, and then when you are to receive it, not have the money you are to receive. That is quite an interesting way to handle one's finances.

Mr Daynard: Can I just make a couple of quick comments? I would hate to leave the impression that the groups we represent view banks as the heavies, as the bad people. We do not look at it that way. We see bankers making logical decisions. It is disappointing to us that they are moving out of agriculture, but we do not see that as the fundamental problem.

The fundamental problem is what is going on internationally. Unfortunately, we as farmers can only stick in this business if governments are prepared to at least go some of the distance to supporting us—the same direction as elsewhere. We have all kinds of studies. We have American studies that show that some of our subsidy support levels in Ontario are a third of what they are in the United States. We have comparable Canadian data to show that support

here is substantially less than it is in western Canada. Those are the things that frustrate us.

We are talking to federal and provincial governments. We are looking for assistance from both. We had the opportunity to meet with the standing committee on agriculture in Ottawa a short time ago. We were looking for some help. In the grains and oilseed sector anyway, we are relatively pleased with the support levels that are being provided—some of the new programs for next year. There would not have been 1,000 farmers show up at supposedly a quiet meeting in Lucknow the other night if there was not a real problem out there. It is the frustration that they can see light at the end of the tunnel, to use an old cliché, but a lot of them are not going to make it.

Mrs Fawcett: The farmers in Northumberland have told me that the government's decision not to participate in NISA was a real blow in a lot of the farm areas. I am sure my area is not special. Is this right across Ontario? Had the government decided to participate, what help would this have been? I am trying to understand what the difference might have been.

Mr Dmetriuc: Each percentage point means \$16 million to agriculture. That is based on the actual sale of products.

The Chair: Can you tell us what you mean by each percentage point?

Mr Dmetriuc: The NISA program makes provisions for the payment to primary producers, every farmer who files an income tax, of certain funds based on their netted-out income. For example, if the netted income is \$100,000, then 1% would apply. Each 1% on a provincial basis represents \$16 million.

We recognize that the government made the decision it has. We are disappointed because it would mean the injection of an additional 2.5% over and above what has been put forward by the federal government. We are looking at roughly \$32 million to \$45 million. That is what the implications are, but it is the decision the government has made.

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Mr Cleary: In travelling around the province, and especially to agricultural groups that are thinking of expanding their operation, I find one of the reasons that concerns them is that they do not know what environmental legislation is coming down the pike. Would you gentlemen care to comment on that?

Mr Daynard: This is a concern to us. We are on the horns of a dilemma, as a lot of industry is. We think an agriculture and farm community is committed to the environment, as anybody is, and we think we have been committed that way a long time before it became fashionable. At the same time, we are not exactly in a wealthy position to adopt things if they are going to cost us money. If environmental improvements are identified—and we think we are identifying an awful lot of them in the rural communities that are not very well recognized in urban centres—and they are things we can do reasonably, we submit a lot of them are already doing them. If things are going to cost us a lot of money without offsetting compensation on an open border, they tend to be a recipe for us to go out of

business, so we have some concerns at the same time. We have concerns about the environment we live in as well.

Mr Jordan: Thank you for your presentation. I find you state very clearly that you are efficient and can manage and compete, as far as competing against other farmers is concerned. Your main problem is that you cannot compete against other Canadian provinces where the subsidies are much higher. Are you saying to us that if this subsidy were levelled out so that you have a level playing field, your problems would be basically non-existent?

Mr Jaques: No, I do not think that is a true case. If the subsidies are more in some provinces than they are in Ontario, subsidies are a lot more in other countries than they are in Ontario. I think other provinces are receiving more money through the NISA program, for instance. Some provinces have decided to contribute to that, where the province of Ontario has not.

Mr Daynard: There have been several analyses on this. It depends a little bit from commodity to commodity, because they are not all going to be identical, but generally they show that if somehow, magically, we were to get rid of all this subsidization internationally, Ontario agriculture would shine because we have a very high, competitive efficiency. If you got rid of all the subsidies we probably would export horticulture products from here to California, and certainly in the grain sector and the red meat sector and a lot of others as well.

If you add up everything we have here, it would not bring us into the same league as the Americans, let alone the Europeans. We say at our level at the moment that we simply do not feel we have a chance, at least in the current year. We see it in 1991-92. The programs we have there will not bring us up to the level of the Americans, but we judge those. They are such that the reasonably capable farmer can have a chance at it, but the frustration is being this close and not being able to make it.

Mr Jordan: So the bottom line is that if it is going to be a long time before these subsidies are removed, if ever, then your objective should be that at least they tend to be equalized.

Mr Daynard: This same group had a meeting with Mr Buchanan last Thursday and the same question was asked, "What's the long-term plan?" It depends so much on what happens in international trade negotiations. If, as we hope, they do come to some kind of agreement for a phase-down, then we are quite ready to be a part of that. If there is no international agreement and agriculture is going to become permanently a ward of the state, then I guess the Ontario and Canadian governments have to decide whether they want to produce their own food as wards of the state, or import it all. That seems like the long-term decision. Hopefully some sanity is going to occur internationally and we will have some commitment to phase down, but certainly at the moment it is going the other way.

Mr Jordan: In the meantime we need immediate cash input to the program, whether you call it a subsidy or whatever.

Mr Daynard: An international trade minister talks to us about things that are happening internationally in the

Canadian game plan, but farmers are saying at the moment that long-term planning for farmers is October.

Mr Arnott: Gentlemen, I thank you and congratulate you on an excellent brief, six pages of information that really puts the issue into focus for everyone, I think. I appreciate that.

Mr Daynard, in response to one of the questions you talked about the situation with respect to credit and suppliers extending credit, by and large. I think some of the members of this House from urban areas do not understand how important the farmers are as primary producers of wealth in rural Ontario. I think that has to be emphasized continually if we are going to get the help we need. If we are going to have survival in rural Ontario generally, economically, we have to have farmers who are in good financial shape.

The way I look at it, I think two big issues come out in your brief. First is the scope and urgency of the immediate problem, the immediate cash-flow crisis; and second, I am hearing from a lot of farmers in my own riding of Wellington county concern about potential legislation and regulations that may be forthcoming from this government that potentially will have a damaging impact on farmers. As for the labour law reforms, the minimum wage commitment the government has made, and pesticide guideline changes that I am very concerned about, I would like to hear your comments on both of those, but mainly the second issue, when we talk about potential undertakings of this government.

The Chair: You listed three.

Mr Arnott: The potential changes to legislation first of all; labour law reform, minimum wage; pesticides.

Mr Jaques: I will speak on the labour issue. In horticulture one of our major input costs is labour. I get some funny looks but, for instance, 56% of the cost of producing asparagus is labour. If the cost of labour, the cost of minimum wage—most of our labour is based on minimum wage—goes up 20%, that means my costs go up by 20%, and 56% of my input costs have just gone up by 20%.

Right now we are losing 10% of our growers a year who are just plowing out crops. They cannot produce crops and compete with the products coming in from the US. If the major input cost goes up by 20% across the board, you will just see the whole fruit and vegetable industry go down the tubes in Ontario. It will be a cottage industry. They will produce enough to sell at their farm gate, but you will not be able to buy Canadian fruit and vegetables in your grocery stores in Ontario.

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Mr Daynard: May I comment just a little on the pesticide situation? Some of the pesticide laws or regulations coming across are at our initiation. The one on certification was driven by the farmers. It took us enough work. We actually had to stage a press conference some time ago in Toronto to get government to move on that one. The Food Systems 2002 program of the Ministry of Agriculture and Food is something we have supported wholeheartedly. In fact, we have put our money in to support that program and are committed to doing it. If there are ways that realistically can reduce the use of this, we are all for it.

The thing that makes us nervous is statements that reduce pesticides as a goal in its own right, irrespective of everything else, some of the practices we see being used by people so that they can sell something as supposedly pesticide-free which we think are quite harmful to the environment. If you end up working a soil 10 times instead of once and use several gallons of diesel fuel so you can save an ounce of pesticide per acre, then we think you have to sit back and weigh those out. In some cases the balance is in favour of the reduced pesticide use. We do not happen to like being diesel fuel junkies either, and often that is a balance. If the goal is sustainable agriculture and better environmental quality and if we come from behind that—and sometimes that means reduced pesticide use and sometimes it does not—in principle there is a pretty good track record of us taking some major initiatives in this direction.

Mr Arnott: And labour law reform?

Mr Daynard: How can you add to what John has said? We do not want to be in a position to say that labour should make less money. Even if we felt that way, nobody is going to buy it anyway. But you have to recognize the other half of the coin, that in many cases a highly labour-intensive industry at the moment has to rely on labour coming in from Jamaica. We cannot get Canadians to work at that kind of work. It is just one more screw in the crank in a greater reliance on imported food.

Mr Arnott: In your own view, why did Ontario not participate in NISA this year?

Mr Daynard: Ontario's answer, and there is some credibility to this answer, is that it got relatively short warning and short notification as to what deal the federal government was going to impose. I think there is some fairness to that. The federal government said it would be providing short-term help and it came on, and we have supported the Ontario government saying that this constitutes some blackmail. At the same time, though, the farmers of Ontario asked the Ontario government to come into NISA months before the critical date was implied, and the ultimate 1% participation in NISA was not a surprise, as that had been in the works and proposed for a long time.

Mrs Fawcett asked a question, the one part that was not picked up on. If the Ontario government had gone in, we believe it would have cost the government about \$16 million. The federal government would have thrown in another \$8 million as well. We are going after that \$8 million in any case, but we are still disappointed. We think it is a very good program and that it is trade-neutral. It is the kind of program we would like to see being in place internationally. It has good support internationally and we think it is the kind of program Ontario should be a proud, rather than a reluctant, participant in.

Mr Arnott: And other provinces did participate in NISA this year.

Mr Daynard: No. The only other province that has participated in NISA this year is Saskatchewan.

Mr Arnott: Would you presume they received better advance warning?

Mr Daynard: Maybe I would be safer to answer that question about November 1.

Mr Arnott: Okay. I have a comment and am requesting your comments in turn. When I hear comments that we cannot do this and we cannot do that because we have GATT obligations to be concerned about—and you hear that from time to time as an argument opposed to providing emergency assistance for farmers specifically—and you think about the way the Americans support their farmers—I have never been to Europe, but when I speak to someone who has been there and hear of the level of prosperity European farmers have on very small tracts of land and the level of support they have from their governments, it is my view we should not worry about GATT. If it comes to that we probably should worry about it later, but I think we have to do something immediately. Is that a view shared by you people?

Mr Dmetriuc: I will try to answer that. We are active participants with the federal government in trying to establish a strategy for the GATT negotiations. We have been working with them now for a couple of years, as have other provinces. I know that Ontario has as well. We support the Canadian position. We are not concerned so much about the internal programs for producers and we really do not have that right. We can observe and we can comment on them.

What we are really faced with is the trade subsidy issue. Since we are an exporting province and Canada is an exporting country, we are faced with that competition. This committee will get some detailed figures as to how it affects individual commodities. But from a wheat perspective, for example, the US Export Enhancement Program is \$10 short of our initial payment—in other words, \$65. This reflects in all the commodities, so our biggest concern at the international level is to try to get some type of reduction in those export subsidies.

Mr Daynard: Do not forget, as well, what we are asking for here. The decision for the long term has effectively been made. The new programs are going to come in next year and they have been made nationally with GATT obligations in mind and so on. What we are asking here is for some help to get us through a gap.

Mr Dadamo: On page 4, you say that “we are asking the government of Canada to implement a number of measures, including the top-up of benefits under the Agricultural Stabilization Act program” and also “an increase in payments via the first-year net income stabilization account program.” Obviously, you are a strong lobbying group and your voice is being heard in this province. To either one who would like to answer the question: What would you suggest that the province of Ontario do to coordinate something with the federal government to best help out the farmers?

Mr Daynard: I would say we are working on the federal government. We are working on the provincial government. We have come up with a list of what we think are relatively modest requests. On page 4, for example, we calculate the shortfall at \$124 million. If you add up all the things we are asking from both levels of government, it is less than that amount of money for 1990-91. We have

joined our counterparts in western Canada, because to some degree it is a national problem as well, in asking those, and we will work hard on the federal government. They had an emergency debate in the House of Commons all day last Thursday, and we will work hard there, but we think that the help we would like from folks like you is with the provincial government, and we will work as hard as we can on the federal government as well.

Mr Klopp: Maybe I might clarify something and then ask a question with respect to NISA. I appreciate Mr Daynard's comments that all of a sudden we are going to have a third line of defence through NISA, because I think you hit it about right. But in fairness to Elmer and maybe ourselves, we said early on that we think NISA needed some work done on it, like the beef and hog, and that program was going to have feed grains in it. Among a number of things was, what constitutes a minimum income before the pot you have put in place kicks in? We said quite early, along with about nine other provinces, that we wanted to work on that over the summer. Unfortunately, come April, it was decided the third line of defence would go through that, and it caught us off guard, as Terry pointed out.

One of the things that we are talking about is the crisis of the past life and what this committee was pulled together to try to get some push from all parties on. Coming from that point, a remark was made in here that we are looking at the situation where we do not have a large grain supply on hand right now in the world. We do not have a surplus in this province and, in fact, as you can see, we even import stuff in this province to a great extent.

Last fall people predicted and I was predicting, too—hoping—looking at this 1990 crop year with \$2.70 corn and the \$7-range soybeans, and unfortunately, as we have seen, the thing really tipped off even worse. That is our first line, our prices. The NISA program and the GRIP program are our second line of defences and maybe next summer the prices will get back up, who knows? But what do you think is the reason we are sitting this year with the lowest crop-on-hand reports and yet these prices went even lower than our people predicted last fall—\$2.75 corn, \$7 soybeans are no panacea by any means, but even to go now at \$2.30 and \$2.45 and \$6 for soybeans all summer. As one who held his corn all year, I am really living in this process. But what are your gut feelings on why this happened? Is it going to continue to happen?

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Mr Dmetriuc: I will try to answer that. I guess in effect it goes back to the international trade scenario. We now have in the international grains and oilseeds trade, a cheap-commodity philosophy. The subsidies actually are preceding the people who are going out trying to market their grains. I have had the opportunity to be in Cuba. I also had the opportunity to go, with the assistance of the Ontario government, to central Europe and they just shake their heads as to what is going on. I suppose we could say we are feeding the Third World at Third World prices. What we have not done is bridge the one-year gap, the 1990 gap, between the old support programs that we have

internally and the new GRIP and NISA, and that is where we find ourselves as farmers.

The question was asked about changes in labour laws. As Terry has indicated, I do not think it is going to make a heck of a lot of difference what the government does as far as agricultural labour is concerned. The projections are right now that the average farmer in Canada will net out somewhere between \$5,500 and \$6,000 for his own use. This is what he is being faced with. Those are not just our projections as commodity organizations. The last ones came out of western Canada, which is saying exactly what we are saying. So if a farmer has \$6,000 to net out for himself and his family, is he really going to hire anybody to do anything? That is what we are being faced with. The people we talked to over the last three weeks are not the farmers on the back roads who have nothing else to do. These are business people. These are people who run their own stores, their own support services. These are the guys who are going to go down the tube as well if there is no bridging.

The GATT negotiations Mr Klopp is concerned about: We are working on that and we hope we will be able to effectively put enough pressure on farmers in other countries to recognize what is happening to us. Then we are going to have to make a choice as to whether we are an exporting country or simply produce for our own use. That choice is being debated, the third line of defence, and it is a decision that is going to have to be made.

Mr Daynard: Some will be aware of this and some will not. It is not as simple as whether Ontario is a food-importing or an exporting province. Some things we are notable importers of, but three quarters of the wheat we produce in Ontario is typically exported, 80% of the white beans that are produced are exported, somewhere about a quarter to a third of the pork that is produced—

Mr Waterton: Thirty per cent of the pork is exported.

Mr Daynard: So we could say, if we were just going to feed Ontario we would have an awful lot of farmers go out of business or have just some horrendous costs in adjustment. There are some things that Mr Kormos said. It is a little hard to convert a pork farm into a citrus farm in Ontario. I guess if there is enough money, maybe you could find a way of doing it.

One other thing I was just going to say is, I have puzzled a lot as well. Why are the prices of grains so low when there is not an international shortage, or surplus of them? Our guess is one of the factors is that we have got two giants, the Europeans and the Americans at the moment, trying to see who is going to play chicken as they come down to the crunch in the GATT negotiations. Unfortunately, it looks like it may be the Ontario farmer who says "Chicken." We may not have been a target, but we are certainly proving to be a victim out of this. We do not see any alternative to this thing. If you want to keep agriculture in Ontario there is really no alternative to government providing some level of support. Hopefully we are making some progress internationally.

Mr Huget: I appreciate your coming and spending time with us and bringing this brief. It is very well done. I am one of these concrete and asphalt dwellers so I may be

a little out of my element here, although not entirely. I was born in Saskatchewan and spent the first 20 years of my life there, so I have some understanding of what grain growers certainly are going through.

I cannot help but get the impression as we deal with, for example, the drought of 1991, the low prices of 1991, the depressed markets of 1991 and before that the problems of 1989 and the problems of 1988, that there is a pattern, that we are dealing with emergency after emergency. I really believe that we are not ever fundamentally dealing with the problem. I would like your opinion of what you feel the underlying problem is with agriculture in Canada and in Ontario.

Mr Jaques: I think we are dealing with the long-term problem with the safety nets, with the GRIP and NISA program, for those crops which are eligible for them. But I think we have to get across that bridge to them before we can use those safety nets. Right now, we still have nothing. It will be in place shortly for most of us, but right now there is nothing and I do not particularly like, when you have a drought or when you have a shortfall, to have to go to the government and say: "We need some ad hoc assistance right now. You know, we had a terrible year." I think the safety net programs and the crop insurance programs will address most of those problems, once they get fully implemented, as long as it is not a long-term downslide of prices, because then that will ratchet down the prices of the support. But I think we are all walking in the right direction. It is just that we need a little crutch to help us get to that light at the end of the tunnel.

Mr Daynard: To put it in perspective, ask yourself how well would the Canadian steel industry do if we had no import protection at all, because typically the duties on this are in the neighbourhood of 1% or so, and the subsidies on European steel were double the market value of steel in Canada. That is the sort of situation, with no limits on production, that we are facing with European pork coming in here, European beef attempting to come in here, European everything—wine, cereal grains and so on—and that is the situation, or almost as bad, from the United States or Japan. If you want to talk about high subsidies, Japan is at the top of the list, and the Swiss—the people who are supposedly so efficient, and we can lick the pants off the Japanese in agriculture any day. Their efficiency cannot hold a candle to ours and that is the dilemma. But it happens year after year and then people say in the urban centres: "Boy, you farmers are sure inefficient. You can't compete." That is basically the situation that we face.

Mr Waters: I find it quite interesting and I would like to go down the road that Mr Cleary started, because I had that at the top of my list. I have a statement here from the bankers the other day. It said, "In general, we believe that Ontario agriculture is in good financial shape and considerably stronger than in the early to mid-1980s." Then I read your statement that says without immediate help, thousands of Ontario farmers will not remain in business until next year. Then I also recall, from the bankers' statement, that it takes three to four years from the time that a loan is flagged before they ever collect on that loan or foreclose.

We have gone through with just two groups. We have got totally opposite philosophies coming out here and ideas of what is happening in agriculture. So I would like a quick comment on that and then I would also like to know how we can assist farmers in a way that we are assured that you get the money instead of the processor or the banker. If I can get some comments on those.

1700

Mr Dmetriuc: I will just make a general comment. I am not a banker. I agree with what Terry has said. They provide a service. Their business is to make money; their business is not to lose money. I do not know how many portfolios they have, but their agricultural portfolios, I would suggest, are considerably less now than what they were in 1981.

Let me just walk you back to 1981. Producers in Ontario received \$4.25 a bushel for wheat. In 1991 producers are getting \$2 a bushel. You relate that to what has happened in the early 1980s, and I personally went through that exercise. We are now going into the 1990s with a made-in-Canada recession which is affecting us. We are going into 1992 with a reduction in support programs. We are really the victims of a number of things, and agriculture, from a banking perspective from what I have been told, is not a high priority. We have asked those questions, but they related to the number of portfolios they have, which ones are sound. You will find talking to the individual producers—and we are running into that right now this fall—that producers are sowing wheat, bin-run, uncleaned, untreated, because they cannot afford to buy certified seed.

This province has one of the best programs for the development of new varieties of grains, with private enterprise, and the promotion of new varieties. I cannot deal specifically with your question. You have to ask those details of the banking association or the bankers themselves, or individual bankers. We go and talk to individual bankers, and when they refuse to answer the question, you know darned well what they are supposed to be telling you is something they do not want you to know.

The Chair: Gentlemen, you have been very, very helpful this afternoon. All of us appreciate your attending here, your contribution to this hearing process and I am trusting that you will receive a copy of this committee's report promptly, as promptly as governments can do anything, once it is prepared. Thank you very much for coming here this afternoon.

Mr Jaques: We appreciate the opportunity. Thank you very much.

CHRISTIAN FARMERS FEDERATION OF ONTARIO

The Chair: We have people speaking on behalf of the Christian Farmers Federation of Ontario, if you would come on up and have a seat. Once you are seated, tell us who you are and spend hopefully no more than 15 minutes on your comments so we can have some conversation. Welcome.

Mr Struetker: Mr Chairman, thank you for inviting us to put our views here. Our organization has about 700

members. To introduce myself, I am Arend Struetker, a dairy farmer from Moorefield in Wellington north.

Mrs Haagsma: I am Ann Haagsma, director of Christian Farmers Federation of Ontario, a pork producer from Oxford.

Mr van Donkersgoed: I am Elbert van Donkersgoed. I am on staff, working out of the office in Guelph.

The Chair: Research and policy director.

Mr van Donkersgoed: Yes, research and policy director. It is a substitute phrase for workhorse.

Mr Struetker: We appreciate him all the time.

This is for the standing committee on resources development of the Legislative Assembly of Ontario, re the income crunch in the grain and oilseed sector:

Our provincial board in its regular session on September 19, 1991, reviewed the current situation in grain and oilseed markets and this summer's production problems due to drought.

1990: Market returns and existing supports were inadequate during 1989 and 1990 for grain and oilseed producers. Special assistance is still required. Our preferred method of support is through the existing stabilization programs and the support amount should be enough to increase returns for 1990 production to 110% of the five-year average market price.

It is a matter of fairness and urgency that those who committed their resources and their labour and management skills to produce food in 1990 receive support comparable to what is now promised for 1991 and beyond. We need a firm commitment now. Those who worked and risked their assets in 1990 should be supported to a comparable level of the returns available to 1991 producers.

1991: We are very appreciative of the new programs, GRIP and NISA. They will provide a solid foundation for future support. This appreciation is qualified by the paper trail needed to participate in NISA. But we are uncomfortable with the expectations that the 1991 program will create. Our concerns are:

1. In the short term, GRIP support will include the good market price years of the late 1970s in its 15-year average. Thus the 1991 support level looks good, but the 15-year average will soon fade. Meanwhile, 1991 will have created unrealistic expectations about long-term GRIP support.

2. Paying part of farmer premiums for 1991 will probably also add unrealistic expectations.

3. Many of our members see the 1991 support levels as an incentive to produce. Land rents have increased this year. There should have been a production restriction or production reduction to balance the incentive. We do not expect the land rent increase to continue next year.

4. As program benefits decline in years to come, a perception of inadequacy will set in.

5. It is high time that program benefits recognized environmental stewardship, as well as production.

The 1991 farm crisis: We have not joined those farm groups who describe the 1991 production and market situation as a crisis. It is not that we disagree with their con-

cerns, but they emphasize only half the story. A balanced overview of our present circumstances includes:

1. Grain producers are hard pressed at this time, since support levels for the past two crop years, and especially 1990, have been inadequate as a result of the continuing pressure on prices internationally.

2. Existing support programs and the emerging new ones have distorted and are distorting market signals to such an extent that we continue to be a part of surplus production. Land rents for good land have increased in response to this year's new guaranteed minimum return. The advance payments program is one of many factors contributing to delayed marketing of the 1990 crop. Ontario feed grain production has not declined in comparison to the decline in livestock—cattle, dairy cows and hogs—on feed in the province.

3. GRIP and NISA will create a temporary grain production distortion in Ontario as the programs capture the good returns of the late 1970s in averages. This will be followed by a decline in program benefits and a perception of inadequacy.

4. We express our cost of production in modest terms. Many of our members were able to lower their cost of production during the 1980s while improving productivity. As a result, 85% of the 15-year average price on 80% of production looks pretty good.

5. There is a perception among us that in the past, long-term assistance programs for western grain and oilseeds have consistently been better than support for Ontario grains and oilseeds. There exists among us a further perception that the new safety net programs have been designed to provide support comparable to what the west received in the past. These perceptions lead to the conclusion among us that Ontario will in fact receive higher support than in the past.

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6. Ontario needs to reduce grain production. We have fewer hogs, cattle and dairy cows. Those that remain make more efficient use of grains. The alternative is to boost livestock production and mixed farming.

7. There is drought hardship in many local situations, but we do not believe that problems are beyond the reach of the Crop Insurance Act and the new safety nets. We think that compassionate initiatives for areas of severe drought are appropriate, but they should be delivered within the existing program.

We support declaring certain districts disaster areas and creating two options for them (a) to allow this year's disastrously low yields to be excluded from the farm averages that form the basis of future insurable crops, and (b) to allow those who did not enrol in crop insurance or GRIP to enrol late with the condition that they be required to remain in both programs for a minimum of three years.

Conclusions:

1. When can we expect additional support for the 1990 crop and the removal of the present injustices?

2. Who is going to tell farm entrepreneurs that 1991 support levels under the new safety nets are temporary? The payout level in years to come will decline, and 1991

will not be a good year on which to judge the new safety net programs.

3. Can we expect production reduction and resource conservation to become part of the new programs?

4. Are you willing to support some compassionate assistance to areas of severe drought?

The Chair: Thank you. We have a considerable amount of time, approximately six minutes for each caucus for questions and comments. I want to thank you also for giving us the copies of *Earthkeeping*, which all the members received and I would recommend, especially the article on page 16, "We Are but Sojourners," as being a well-read and well-thought-out article commenting and referring to the Levitical injunctions, which is an interesting commentary in itself.

Mr Arnott: Thank you very much for your presentation. It is good to see you here. I want to ask you one question. You call the current situation an income crunch and not a crisis. I just wonder at what point in your definition of "crisis" this becomes a crisis. Are we approaching it or are we there tomorrow?

Mr van Donkersgoed: The choice of words has been mine in helping our board draft this document. We are very reluctant to use the word "crisis" at this time because we have been in this circumstance for most of the decade. Although at least the returns for 1991 are going to be better than they had been for a while because of the new programs, particularly GRIP is going to provide a reasonable support level, it is very clear to us that that support level is going to fade very fast and there is every reason to expect that in 1994 we are going to have the same problem.

We do not see on the immediate horizon nor even on the medium-term horizon a change in the circumstance that we face today. GRIP and the new programs will do well for 1991, but it will not be long and we have got more of the same of what we had in 1988 and 1989 and 1990 and all the way back to 1986 and 1987. You can go back to 1986. The situation, as far as we are concerned, we anticipate there is no immediate resolution to the situation in sight.

Mr Arnott: Would you concur that the problems we are experiencing presently are largely a function of the trade war between the European Community and the Americans?

Mr van Donkersgoed: We have loved to use that rhetoric, but personally no, I do not believe that. I am going to answer your question. Personally, as a policy adviser and a researcher, CFFO, the Christian farmers federation does not have any policy statements on that issue but simply answering the question as a researcher and an observer of the agricultural situation, then my response is no, that the dilemma is not simply a factor of the international trade war.

Mr Arnott: But partially?

Mr van Donkersgoed: A small partial. Not a large partial, a small partial.

Mr Arnott: Are you optimistic that there will be a positive resolution to that?

Mr van Donkersgoed: Let's say there is a positive resolution, whatever people consider a positive resolution. There is a lot of debate in the farm community about what

would be a positive resolution to the international trade talks, but let's say it is a positive resolution that gets rid of export subsidies and the like that certainly have an influence on the lower prices. There is no expectation, on my part as a researcher and an observer of the agricultural situation, that it is going to dramatically turn around the price of grains in the world market. It would firm them up, it would improve them a little, but I would have no reason to expect it would increase the price of grains on the international market over what GRIP is providing in 1991 for corn, for example, the \$3.38 a bushel. I would have no reason to expect the price for corn on the world market would go over that.

The reason for that is very simply that the ability to produce worldwide and the commitment to produce worldwide is so large that the production will stay there and the price will stay down. Just because you resolve some trade problems does not mean there is going to be a real cut in production worldwide, and prices are not going to improve until there is a cut in production somewhere. I have not heard of any farm group anywhere in the world that says it would be willing to be the one that is going to go out of business, so the prices are going to stay low.

Mr Arnott: Early on in your brief you talk about how your preferred method of support is through the existing stabilization programs and support amounts should be enough to increase returns for 1990 production to 110% of the five-year average market price. Could you just elaborate a little further on that particular aspect?

Mr van Donkersgoed: That is our ballpark guess of what would bring us somewhat close to what 1991 programs will provide to those who are producing this year. We think it is fundamentally unfair that those who produced in 1990 are getting a lot less for their product. We have to be very honest about that. We are very dependent for our final returns on what governments are willing to do, but for some reason, those who worked hard in 1990 are getting a lot less than those who are working hard in 1991. We think that is fundamentally unfair and not something we can leave rest. We have said 110% of the five-year average is a ballpark figure of what 1991 programs will provide.

Mr Huget: I will ask you the same question I asked the previous group. Aside from the GRIP and the NISA issues, what else can we be doing to ensure the long-term problem-solving of agriculture in this province and in this country, because it is a nagging problem. I agree with your statement that 1991 is a problem but then so will 1994 be a problem. The point I am trying to get at is, how can we start to put in place a strategic plan to ensure the long-term viability of rural families and family farms in this country? What can we do to help that?

Mr Mancini: Give him a straight answer.

Mr van Donkersgoed: Give him a straight answer?

We are facing some dilemmas in agriculture in the countryside that are going to take us a while to work our way through. It is going to take help to get through the dilemmas without having devastating hurt on all sides. But somewhere along the line, we have to face some of the

realities. The technology we have brought into agriculture allows the individual entrepreneur to manage a lot more, whether it be land, whether it be equipment, whether it be livestock. The individual entrepreneur is able to manage a lot more than in the past.

It means we need fewer people producing food. Although we have had a steady pace of the number of producers shrinking throughout the decade of the 1980s, the dilemma is that there is pressure for that pattern to continue. In the most recent conversation we have had at our board table, some of our board members were saying the speed in the 1990s is going to be faster than in the 1980s simply because of the rate of technology, the kind of people who have come into agriculture, their abilities to manage more and do better and be more productive. As a result, there is going to be a constant squeeze on the lower-end family farmers who have not adopted the latest technology, who have not learned the latest management techniques. There is going to be a constant pressure on them economically.

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We do not always like reality, and what I am giving you here is some reality therapy. I do not like the reality. We do not like it around our board table but we believe it is necessary to understand what reality is. A key part of that reality for us is that in all likelihood the pace of pressure on those who have not kept up with the changes in agriculture in the 1990s is going to be greater than in the 1980s.

You may wish to assist people to stay even though they have not got the latest skills and they do not have the financial assets to purchase the latest technology, but from our perspective we are willing to come to terms with the fact that the future is for those who upgrade themselves, who become the better managers and who are willing to risk their investment in the latest technology. We are willing to move in that direction. It is not going to be an easy direction to take, but we are willing to go in that direction because we believe we will be there. Those of us who do that, we believe, will be there no matter how some of these dilemmas, international agreements and the like sort themselves out.

That does not necessarily answer your question—

Mr Huget: No, it does not.

Mr van Donkersgoed: —but it gives you my reality therapy.

Mr Struetker: We are willing to support that if the government hands out money, it goes to the farmers who can show that their business is viable and they can make it, not handing money across the board to everybody, to some people who should not be there any more and just keep them alive artificially. I think that is not right. We are thinking, in that direction, just to give the money to the people who are able to make it.

Mr Waters: I have to look back at my childhood. I spent many days stooking in a field and on a binder, but then after that, what came in was somebody in the community would have a threshing machine. When we went to modern technology, it seemed that every farmer along the road had his own piece of equipment to do that. I just wonder if maybe that is one of the things we should be

doing. Rather than having the farmers go out and buy all of this fancy equipment that costs them hundreds of thousands of dollars, maybe we have missed the boat and should have gone into more co-operatives. I just want a comment on that. I am talking about the small farmer who has now got a combine out there that cost \$150,000 or whatever—I have no idea what they are worth but I know they are worth a lot—who really probably could not afford it. In the old system they never did that.

Mr van Donkersgoed: I think your observation is correct. Part of the dilemma of the 1970s and why we ran into severe financial trouble in the 1980s is that in the 1970s we bought into big equipment in an enormous way, far beyond what it really took to take off crops or put them in, because everybody thought they were financially able to own their own equipment even if they did not need to use it to its full potential.

That is gone today. The margins have been tight enough long enough that this kind of development has totally been squeezed out of agriculture in the 1980s. As for the place of co-operative efforts, I think you should be aware that there are such co-operative efforts and there is an increasing number of farmers who, in the case of the larger equipment, the more expensive equipment, the \$100,000 combines, have gone the route of simply having their work custom-done because it does not make sense for them to own the equipment. The arrangements of actually owning the equipment co-operatively, are not as great as the tendency towards using custom work.

Mr Cleary: Just to follow up on a few answers here, I am going to ask two questions at once. If the province were to offer some kind of assistance, what do you think it should be? If assistance were available to farmers, should there be stipulations attached to it, soil management and environmental practices and everything else that would go with it that a farmer should follow?

Mr van Donkersgoed: In connection with the first, we think the federal and provincial governments together should come up with 110% of the five-year average for the 1990 crop. I think the two of them should split that cost to bring that up.

In terms of future programs, we are very interested in looking at having stewardship-related components built into future programs. How you want to build them in is a question mark that needs a lot of conversation in the farm community but we support the principle.

Mr Cleary: In other words, for this particular year there should be a temporary patch put on the boot?

Mr van Donkersgoed: For 1990, we simply need to get the money out there. We do not suggest that there be anything attached for the 1990. There is nothing significant attached to 1991, but we think in the long term programs like GRIP need to have stewardship components. We are content to work on that over the long term. We should not rush into that. We need a lot of conversation in the farm community to develop that.

Mr Mancini: Elbert, you have been before many committees before and you have probably answered many of these same questions you have had put to you today

many times before also. You have always been very straightforward and forthcoming, even though, on occasion, your views may not be in the mainstream, such as, as you mentioned earlier on, your views on the competition between the United States and Europe and what it is doing to Ontario farmers.

Specifically, what do you feel the cost of the 110% five-year average would be? Do you have a figure?

Mr van Donkersgoed: I have not crunched the number. I do not have a figure for you.

Mr Mancini: Do you have a guesstimate?

Mr van Donkersgoed: No, I will let somebody who is good at that figure it out for you.

Mr Mancini: We will get some ministry staff.

Mr van Donkersgoed: You are right. You ask somebody who will do a good job of that and whom you have confidence in. You would have them redo it anyway if I did give you a number.

Mr Mancini: Would we?

Mr van Donkersgoed: Somebody would.

Mr Mancini: Frankly, there has been a lot of talk lately about developing programs. The minister has talked about making sure something happens during this 1990 year so that the surviving farmers can take advantage of the new programs of 1992.

There has also been some talk about how we should give the money from the ministry to the farmers. Whenever I was involved in a program, I insisted that a cheque go from the Ministry of Agriculture and Food directly to the farm family or farm corporation or however the farm was set up to be operated. That leaves me in a slight dilemma because one of your colleagues said earlier on that we should not be supporting, in any way, farmers who are not going to make it to the next farming season. I was wondering how a computer would figure that out or how anyone would figure that out while we are down here developing a province-wide program. Believing that it would be very difficult or next to impossible to have that done, would your organization object then if a program were worked out that in fact covered all the farmers?

Mr van Donkersgoed: No, we would not object. We are just sharing with you where we are at philosophically. We are increasingly aware that for those for whom it has really become tough slugging, we would prefer to help them in ways that we needed help in the early 1980s; for example, to do other things.

Farm people, in a certain sense, are a unique group of people. Even if they have a difficult time making it as farmers, they nevertheless have skills that are very valuable elsewhere in society. Sometimes we underestimate that in the farm community, even if you may not quite have it to hold the management together on a farm, nevertheless you know what it means to work hard for a day and that is an asset in this society that is very valuable.

1730

Mr Mancini: One final short question if the Chairman will allow it: Has anyone from the ministry contacted your organization to obtain advice or to receive consultation?

Mr van Donkersgoed: I would say we have regular contact with the ministry, if that is what you—

Mr Mancini: In regard to the statements that have been made over the last few weeks that the minister is developing a program to provide financial assistance.

Mr van Donkersgoed: What you see here has also gone to the minister. We have had conversations with his people.

Mr Mancini: That is fine.

The Chair: I want to thank you very much for coming this afternoon, on behalf of the committee. We appreciate your contribution and thoughtful comments. As others have been told, we will try to make sure you get a copy of this report as soon as it is done. Have a good trip home.

NATIONAL FARMERS UNION

The Chair: We have the National Farmers Union visiting us this afternoon and I would ask that they come up and seat themselves, let us know who they are, and try to make their comments in no more than 15 minutes so that we have time for questions.

Mr Pearce: Good afternoon. I am Perry Pearce; my co-worker, Ellard Powers. We are both with the National Farmers Union in Ontario. A brief has been circulated. We are not going to read the whole thing. I am just going to go through some key points and then spend our time on the recommendations, and then hopefully good, healthy discussion will take us from there.

Ontario, Region 3, the National Farmers Union welcomes this opportunity to be a witness before the Ontario standing committee on resources development. In its hearings related to the obviously disastrous economic climate in Ontario's farm community, it is our considered opinion that the ravages of the drought of the summer of 1991 was the final catalyst that screamed for attention in a failing industry.

Down at the bottom of the page: What is the state of emergency in Ontario agriculture? We believe farm families are under a stress never before experienced. Farm land is being abused to achieve maximum output. Off-farm income, equity and credit facilities are being exhausted to make up for the lack of farm income.

The National Farmers Union policy statement clearly points out our direction. Point 1 is: Orderly marketing is the cornerstone of NFU policy, and there are some points listed on how we believe it should be developed.

A recent press release by the NFU quotes Wayne Easter, our president, with the following statement: "Following the loss of the two-price wheat system, prices in Canada fell from \$7 a bushel to \$3.50." Yet a spokesman as quoted in the brief can state, "The (flour milling) industry needs a lower price to be competitive."

The reality is—at the bottom—presently the farmer gets six cents for a loaf of bread that is worth \$1.39 at the retail store. How much lower is enough? We believe we are getting beyond that.

The free trade agreement, or CUSTA: Canadian farm families are now reduced to another commodity which can be exploited via the supply of cheap labour and raw products across borders. In the grains and oilseeds sector, in a recent court decision involving the Chicago Board of

Trade and the American soybean farmers, the judge ruled that farmers have no right to complain about the decision of the Chicago Board of Trade, and that is the mechanism that we price our Ontario grains on.

Another point: Archer Daniel Midland, or its short form ADM, has confirmed it is importing canola seed from Poland for its Windsor crushing plant.

A few points on the beef industry: I think if you want to look at an Ontario agricultural industry that has gone through disastrous circumstances, it is the beef industry, and we have some points outlined here. We have nine plants that have closed in the last two years. The killing capacity has fallen to 11,000 head per week from a previous 25,000.

At the bottom of the next page, as cattle-raising declines, environmental concerns are raised with cattle farming being replaced by cash-crop farming. Poor crop rotation practices, increase in erosion and more chemical runoff are the results of losing a viable livestock industry, which leads to marginal land being put into cultivation.

Some points on supply management commodities: We believe Ontario consumers and farmers, which include chicken, turkey, egg and dairy, have over the last 20 years operated within a system that is mutually beneficial to both sectors, but the system is under pressure. We feel the system is falling victim to assaults from CUSTA, the industry task force report, the deputy minister's task force, GATT, Canadian import tribunal hearings and apathy and political naïveté of elected industry leaders and politicians.

I will read the complete recommendations; there are several points. The first one is:

(a) We believe this government should take an emergency look at the Ontario Bankruptcy Act that protects resources and the creative process that allows for due process in an Ontario court. We need to protect farm families from undue abuse. This may also work for other sectors such as forestry, plant closures and the trucking industry.

The Chair: If I can just help you clarify that for the benefit of the members, because you are quite right, the federal government right now is reviewing its Bankruptcy Act. So what you are suggesting is that the Ontario Ministry of Agriculture and Food should be providing some input into the federal government's review of its Bankruptcy Act.

Mr Pearce: No. I am saying Ontario should have its own day in court. We have seen the Parliament of Manitoba two or three years ago set up a family farm act, or something like that. If it is an Ontario resource, why do we have to go to a federal court?

The Chair: You mean the Family Farm Protection Act?

Mr Pearce: That is right.

The Chair: I was a little unclear here and I was just trying to maybe help clarify this for everybody.

Mr Pearce: I will move on:

(b) GRIP: This program must be strengthened and the cost of production plus a profit has to be incorporated. This may lead to implementing supply management of more commodities and concentration on domestic needs. In Ontario there are a few commodities with a surplus of production.

(c) We must require marketing boards in Ontario to assess their role in domestic and export sales on a yearly basis; simply ask, what is their mandate?

(d) The province needs complete data on the volume and type of agricultural products entering and leaving at US border points. An example is, what is the volume of soybeans crossing at the Windsor border point?

(e) Strong and very courageous leadership will be required to push these progressive reforms. We have seen this political courage before and the rewards were the implementation of supply management for dairy, poultry and eggs.

(f) Existing government programs must be reviewed in order to, wherever possible, build in returns reflecting the cost of production. A point here that is not in the printed text is the FIS, farm income stabilization. We would support a move to 110% as other groups are suggesting as a one-year emergency measure. We also believe great pressure must be brought on the federal government to do the same. We can have several different programs in agriculture. In the drought-stricken areas, such as Remo's riding, cash is needed today. We would hope that this government can announce a program this week.

1740

(g) More research has to be done at the farm level. Just a point here: Now we are going into what we believe is the rebuilding phase which I think must happen in agriculture. Many farmers have lost confidence in the present system. It should be directed at environmental, sustainable agriculture and geared for domestic production.

(h) The government must be willing to use outsiders who have proven track records in innovative and economically viable marketing techniques. There are some listed there. I am sure you can all read those.

In conclusion, competition cannot solve the problems that confront us today in agriculture. Government must recognize that in fulfilling the goals of production the needs of the people and the responsible use of our resources must also be credible objectives.

The deterioration and dismantling of the farm industry is occurring at an alarming rate. The loss of income security and bargaining power is stark evidence of the success of the corporate agenda in forcing the regression of food production to a total market economy.

Farmers do not want charity. Farmers take pride in producing a good crop. Farmers want to believe that they are an asset to their province and their country. Farmers need to receive fair prices for their products, and unless this truth is recognized, the economic outlook for the agriculture industry shall continue to decline and Ontario shall be the poorer for it. I thank you.

The Chair: We thank you, and particularly commend you for highlighting the brief and getting us right to the strong points.

Mr Hugot: Thank you very much for coming today and providing this good presentation. In point (d) of your recommendations, you say that we need complete data on what volume and type of agricultural products enter and leave at US border points. Could you give me an idea, first of all, why

we need to know this and what that data would do in terms of a long-term or a short-term strategy for agriculture?

Mr Pearce: I am very familiar with the soybean industry; I will use that as an example. This is a trading province and we do trade, but many times we sell products and we are buying the same product back at the same time.

Right now the grain industry would like to sell grain out of the province, but at the same time we have truckloads of soybeans and, at times, trainloads of soybeans crossing Windsor to enter a crushing plant at Windsor. So we need to know where this balance of trade all shakes out.

Some people would argue that we must trade. Well, maybe we do not necessarily have to trade; we have to manage what business we have at home. So that is why I am asking to take a look at that. I know federally it is collected, but nothing is done with it. It sits somewhere in Ottawa under Statscan and if you try to do number crunching on it—I know, I have done it—it is extremely vague. We need to clean that up and have greater detail on exactly where we stand on these commodities that move across the border.

Mr Huget: Your view is that that information should help us develop a better and more effective long-term as well as short-term strategy. Am I right on that?

Mr Pearce: Yes.

Mr Huget: I am interested as well in the decline of the packing plant and the beef industries in Ontario, and I share some personal experience in the drop in numbers from western Canada to eastern Canada. Is there any opportunity in the beef business to revive that business in Ontario, or is it going to the US and Alberta?

Mr Powers: That is part of my business as well.

Mr Huget: It was mine as well, sir.

Mr Powers: I am a feedlot operator and a cow-calf producer and, quite frankly, I have some very real concerns about whether or not the beef business in Ontario can be revived. It has just gone that far.

Not very long ago I met with the Deputy Minister of Agriculture and Food on another subject and she asked, from my observation in my capacity as the chairman of the livestock committee for the National Farmers Union, what advice I could offer her and the ministry on what they could do for the beef industry. Certainly large transfusions of money would help the beef industry, but we are six years too late in trying to do something for the beef industry in Ontario.

Back in 1984-85 there was an opportunity to try to maintain the semblance of a really good, healthy industry in Ontario. We had an opportunity then as farmers and we turned it down, that is, to establish a marketing agency which would at least have given us the opportunity for price discovery, which we do not have at the present time.

The beef industry is suffering even worse this year than it was last year. I am probably not telling some of you things you do not know, but in the last seven months, from January to today, the price of finished cattle in Ontario has dropped 21%. We are losing about \$125 a head on every finished animal we send to market. We cannot stay in business very long and continue losing \$125 a head. Those are

not just my figures, those are figures you will get from any packer still operating in Ontario.

The few viable packers who are left are really concerned. They are concerned about the supply of animals. They are not getting an adequate supply of Ontario animals now. They are bringing them in from the United States and from western Canada or wherever they can source them. They see this supply dwindling even further. As it dwindles further, of course, it hurts us even more because more of them go out of business and as a result of that we have less competition.

So I do not have a short answer, or a long answer—sorry, that was a long answer—but I would really like to have the opportunity to work more with the ministry on trying to develop more programs. I know it is difficult to talk about programs because it is more money and it is not a matter of just throwing more money at the industry; there are more things involved than that.

Mr Klopp: Just to keep on that note, you said the packers are losing \$125, or the farmers?

Mr Powers: The farmers. I said most packing companies recognize that we are losing \$125 a head.

Mr Klopp: Okay. Your comment to the deputy was that it is too late, we should have done something five years ago. Maybe I am an optimist—I do not go out and just jump off the end of a cliff either—but there is no such thing as, "It's too late." I made mistakes 10 years ago or I did things right 10 years ago, you never know. You are just saying, "Forget it; it's too late; we should have done it five years ago." Surely you can say, "There are 10 left; let's work at the 10 that are there." It is too bad we did not do it when there were 15, but surely today is today and there is something we can do. Think on the positive side. If there is not one, then fine, tell me, that is good, then I will ask somebody else.

Mr Powers: If I could not think positively I would not still be farming. We have to think really positively to stay in this business. But no, I did not intend to indicate that there was nothing we could do, but we were five years too late in trying to maintain the industry that we want in Ontario. The industry that I wanted in Ontario was an industry of the size we had five years ago. I think we can support an industry of that size, but I do not think we are ever going to get back to that size of industry; that is what I was saying.

Mr Klopp: Okay, so how do you get back to that size if you do not start doing something today? What are your ideas?

Mr Powers: We are never going to get back to that size. I am more concerned about trying to maintain the industry as it is now, and I think we have to take drastic action to do that.

Mr Cleary: Just to carry on from where Mr Klopp was talking, I agree it is late. I was in that business too for a lot of years, 30 years or more.

Mr Klopp: I am still in it.

1750

Mr Cleary: Good for you. Anyway, part of the problem is that a lot of people got out of the cow-calf operation and now they are planting their land in cash crop and it is causing more problems. We are getting into marginal land and so on. Anyway, I just had to get that on.

The other thing I would like your comments on is cross-border shopping. You touched on it. You mentioned chicken and a few other things, and I would just like your comments on that.

Mr Powers: I can give you mine first, and they are individual. If you earn your living in Canada, you should shop in Canada. If you want to shop in the United States, you should go and get a job in the United States and take out citizenship down there. It is just as simple as that.

Mr Pearce: It is an issue not discussed in my family because we know the answer, and that is the same.

Mr Cleary: I understand that you fully support marketing boards, and I guess a question I have to ask you is, what is your organization's opinion on the Ministry of Agriculture and Food's decision ordering the chicken marketing boards to reduce farmers' prices on chicken? You touched on that in your brief.

Mr Powers: I am sorry, sir, that is part of my role, as chairman of our livestock committee, but I could not give you an opinion that would represent our chicken producers and I do not want to give you a personal opinion on something like that.

Mr Powers: Okay.

Mrs Fawcett: Is that because it is so varied?

Mr Powers: Yes.

Mrs Fawcett: Everybody has many opinions.

Mr Powers: That is right.

Mr Mancini: I find the brief very clear and concise. I think the point that comes out, or jumps out at me anyway, and it is not a point we talk about enough, is that when we talk about helping farmers stay in business, we always talk about giving them 90% of their costs or less, or what have you. I am glad you mentioned in your brief that farmers deserve to make a profit, that a person needs to be rewarded for his work, and that governments in fact must be ever-vigilant to ensure that whole industries are not flushed down the toilet because of decisions made by other governments. We are losing a major industry here in Toronto because the government in Saskatchewan, just before an election, decided to come and rob us of an industry by offering a certain company quite a bit of money so that it would move, to take jobs right out from underneath our feet. I think all governments have to be ever-vigilant of that, and we have to stand up and say that is not what we think governments should be doing, especially one provincial government from another provincial government.

You said also in your brief, and I kind of liked it, "People have to stand up and be counted and decisions have to be made." I want to remind you that this government has stood up to be counted in several areas in its last year of office. They stood up for the nurses and guaranteed them huge increases in wages. They stood up for the doctors

and made sure they are going to get huge increases in the next year. They are going to buy a portion of de Havilland to make sure de Havilland stays in Ontario and operates. They made Ontario Hydro invest huge sums of money to help out Elliot Lake. They stood up for the civil servants of the province of Ontario and made sure some of them got double the increases that people in the private sector got.

What I want the government to do is to adhere to the points you made in your brief and stand up for farmers the same way it has stood up for nurses, doctors, de Havilland, Elliot Lake and the civil servants. I think basically that is what your brief said today.

The Chair: We have just enough time for these people to respond, and I trust you want them to respond.

Mr Pearce: Thank you for your comments, Remo. As a matter of fact, I come from Remo's riding. We do not always agree on politics, but we do have good discussions.

When it comes to the topic of sharing the provincial purse, I agree with you on many points but, as a farmer, I guess I am probably a socialist also, because my business is feeding other people. I think we need more cash in the farm today, but where are we going tomorrow? I can understand the government's point of view when it says: "Look, enough's enough. We've already doled out a lot of money. Where are we going?" So I can only partially agree with you.

Mr Mancini: That is better than usual.

Mr Jackson: Thank you for your report, and especially the method in which you have summarized it. I would like to refer to your remark that in the beef industry they are losing \$125 per head. When you arrive at that figure of \$125, what all are you taking into consideration?

Mr Powers: At the present time, direct costs.

Mr Jordan: Labour?

Mr Powers: Yes, that would include hired labour, but hired labour is only a small component of total direct costs of beef producers, because most beef producers do not hire very much labour. The hired labour component is only about 11% of total labour costs in Ontario.

In actual fact—and I want to be very quick about this, because we may want to talk about other things—many producers bought cows last fall at \$1.25 a head delivered. Those same producers are now selling those cows, delivered, for \$1.33 a head dressed. That is 60% to 65% dressing weight. It does not take very much calculation to factor in \$125-a-head loss on feeding costs and interest costs and a bit of hired labour.

Mr Jordan: What is that back down to live weight, if they were selling them live weight?

Mr Powers: About 75 cents.

Mr Jordan: Really?

Mr Powers: Yes, really.

Mr Jordan: And they paid \$1.30?

Mr Powers: They paid \$1.25. Many people bought a lot of stock. There were calves sold last month for \$1.25. The average in the province was probably about \$1.13, and that would include heifers. The heifers are selling for two

cents less. It costs most of us five cents a pound dressed weight for transportation, so \$1.33 the first of this week was \$1.28 at the farm.

Mr Jordan: Just a short question related to that: It has been stated that when a good dairy cow starts to drop off in production, it goes to market for beef and provides lean meat to the many fast-food outlets and so on. Has that been a real problem to the beef industry as you know it?

Mr Powers: No, it has not been, because the beef industry has been on a slight expansionist role in terms of cows in Ontario. In addition to that, we have had a good market in the United States for dairy cows. In fact, about 50% of our dairy cows from Ontario go to the United States for slaughter.

Mr Arnott: Gentlemen, thank you very much for your presentation today. I want to ask a question with respect to a point you made on page 7. You talk about GRIP and it says, "This may lead to implementing supply management on more commodities and concentration on domestic needs."

I am a very strong supporter of the concept of supply management and our marketing board system, but I also understand the complexity and the difficulty of expanding it to certain commodities. That is something we went through with the beef industry fairly recently, in the last couple of years. What commodities are you talking about expanding it to, and how would you get around the obstacles that are inherent in that?

Mr Powers: One can use the term "supply management" or one can use the term "managed supply." It is conceptual, probably.

We are concerned that if you raise the returns in grains, through GRIP or through some other program, to a realistic level, then you will get an oversupply. One way of helping to manage that supply is to put restrictions on the

volume that you will cover for each producer. That is a quick answer to one part of your question.

Mr Arnott: Okay. The second question, I guess, is, you call the present situation the "disastrous economic climate in Ontario's farming community." That is in your first paragraph. Yet if I am not mistaken, in the series of recommendations you are not requesting any new emergency direct financial assistance to farmers.

Mr Powers: Yes, 15%.

Mr Pearce: Yes, under the farm income support program and in areas affected by the drought, support of whatever happens, hopefully this week.

Mr Arnott: That is in the recommendations at the end?

Mr Pearce: The 15% and the drought did not get printed. You have to blame my wife, the editor, for that.

Mr Arnott: Thanks for clearing that up. I appreciate that.

Mr Pearce: That is the only reason. It was just a matter of time.

Mr Powers: I am a member of the Farm Income Stabilization Commission of Ontario, and the Farm Income Stabilization Act will not allow the act to pay more than 95% of the previous five-year average, but the government could decide to use the farm income stabilization commission as a vehicle to distribute the extra 15% that we are referring to.

The Chair: Gentlemen, thank you very much for your participation; once again, good insights that are valuable to us. We appreciate your coming to Queen's Park and hope you will receive a copy of the report promptly once it is prepared.

Mr Powers: Thank you very much.

The committee adjourned at 1802.

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Subventions aux agriculteurs



Chair: Peter Kormos
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday 30 September 1991

The committee met at 1530 in committee room 1.

AGRICULTURE FUNDING

Resuming consideration of the designated matter, pursuant to standing order 123, related to the state of emergency and income crunch in Ontario agriculture.

ESSEX AND KENT FEDERATION OF AGRICULTURE

The Chair: We have people who have come here from the Essex and Kent Federation of Agriculture. We want to thank them for travelling the distance they did. We have 30 minutes. I would like you to let us know who you are. Spend perhaps no more than the first 15 minutes on your comments so that you have enough time for discussion and dialogue with the members of the committee afterward. Please go ahead.

By the way, there is coffee and other beverages available. Make yourself at home. I suppose once again we do not have Ontario produce there. We have things like orange juice and so on. As I mentioned last time I was here, the last time it was in Niagara, which was just this weekend, there were not a whole lot of orange groves there. I wish we would do something about making sure that at the very least we serve Ontario produce at this committee.

Mr Lessard: It is packaged in Windsor.

The Chair: Yes. It is some solace that the orange juice is packaged in Windsor. I would rather see grape juices and apple juices coming from Ontario and packaged in Ontario. This will not be subtracted from your time allotment, gentlemen. You would think that with all the well-paid staff here, including staff from the Ministry of Agriculture and Food, something could be done about that, but far be it from me to be critical. Please proceed.

Mr Cowan: I would like first to thank this committee for hearing us. I am going to be very quick with this. We do not have much time to present a very severe problem. Around the first week of August we found there was a very severe financial problem developing in Essex county, exacerbated by the drought, but it was there before we got into August.

We found this spring, before we got into it, that approximately one-third of our farmers were experiencing financial difficulty, which translates to the fact that they could not pay their bills from 1990. With that, the drought came and exacerbated our problem, and here we sit.

What we have done is gathered every commodity organization in our county, along with agribusiness, banking and money institutions, and even our county council. We have a package together. We have no fiction in here and no emotion. We will bring that in later when you ask questions, but what we do have is a piece of paper that we have worked very hard on and of which we are very proud.

With that, I will introduce our warden, Mr Pat O'Neil.

Mr O'Neil: Thank you, Mr Cowan. That is Rick Cowan, chairperson of the drought relief committee and also president of the Essex County Federation of Agriculture.

I would also like to express appreciation to this committee from not only our farming community but all Essex county residents for this opportunity to discuss with you first hand the financial crisis facing our county. This crisis certainly impacts on our farmers directly, but it is very real for the rest of the county. We rely on the viability of the agricultural community. As this committee is aware, Essex county is predominantly an agricultural community.

In August of this year, Essex county council passed a resolution declaring Essex county a farming disaster area due to the drought conditions experienced this past summer. It is not our intention to discuss with you today the agricultural crisis that exists throughout Ontario as a result of low commodity prices but escalating costs. We know there have been many delegations before this committee that have been discussing that matter. Rather, our purpose is to request consideration from this committee and from the government for extraordinary financial relief from the province for Essex county farmers to save them from the ravages of the summer drought.

The situation experienced by Essex county farmers is different from that experienced by farmers in the rest of Ontario, save for, I believe, our Kent county colleagues and a few other isolated areas. The yields in Essex county are so low that even higher commodity prices would not offer significant relief. We suggest to you that province-wide relief that may be considered would not be sufficient to address the problems of the 1991 Essex county drought.

The delegation this afternoon from Essex county consists of several of the leaders of the agricultural community of Essex county who have been chosen by their peers to plead their cause. Dave Dawson will present the main brief of the committee.

Mr Dawson: We have come here today not to reiterate all the things you have heard previously from other commodity groups. As I see by your agenda, you are going to see quite a few others. We are here to address the impact of the 1991 drought on agriculture in Essex county and the whole economy. You have a situation in Essex county right now that not many other counties would want.

On August 8, 1991, individuals representing agricultural organizations and specific commodity groups came together to prepare a response to the severe drought crisis in Essex county. The committee formally constituted itself by way of motions which were moved and passed, and the committee became known as the drought committee of Essex county.

The committee's primary goal is to properly brief, through the collection of accurate data—and I want to emphasize "accurate"—both the federal and provincial

ministries of agriculture and their deputy ministers on the effects of the 1991 drought in Essex county. We thank you for the opportunity of presenting this information in this standing committee.

"Crisis" is not too strong a word to describe the financial impact of the 1991 drought. It can be reasonably assumed that a significant number of our farmers will be forced from the land. This will substantially aggravate the worsening economic conditions which have left Windsor and Essex county with the highest unemployment levels in Canada.

Present agricultural programs do not address the financial impact of the 1991 drought. Programs such as crop insurance; the gross revenue insurance plan, or GRIP, and the national income stabilization account, or NISA, while very valuable, will only benefit the farmers who can hang on until 1992 or later. Crop insurance, GRIP and NISA will not provide the injection of much-needed cash by November 1991.

The recently announced advance payment from the GRIP program does not adequately address the Essex county problem. It uses 1992 money to solve a 1990 situation and simply postpones the difficulty to a later date. Many of the crops grown in Essex are not eligible for GRIP.

Essex county has experienced—and I want to really emphasize this—three major weather-related disasters in the last five years. We actually could say the last four years, but five years is a crop insurance reference we use throughout our whole document so we will continue using five years. The summer of 1988 saw a drought, and the summer of 1989 a major flood. Now, in the summer of 1991, came another major drought. These disasters have severely hampered growers' efforts to establish an adequate crop insurance average.

The farmers of Essex county have come together as one group with one voice to formally request immediate financial assistance beyond existing federal and provincial programs to allow them to subsist until future benefits of federal and provincial programs are derived.

I have a couple of small data sheets I would like to go through with you—we have to share our time with our colleagues from Kent—one of which was presented to the Minister of Agriculture and Food today at a meeting with him in Milton. This is by commodity. The report contains how we calculated it. Again, these are strictly facts.

Even with the low commodity prices that we are experiencing today and the low average crop insurance yields, Essex county has had a \$44,926,000 shortfall or loss before a crop insurance payment. We expect crop insurance to pay out \$25,480,000 to the farmers of Essex county. That is presuming that 100% of our crop is eligible for crop insurance. We then have a shortfall of \$19,444,000. That is Essex county alone. These are very conservative numbers. We are sitting there with apples not yet reporting because they are just getting into their harvest season and we have not determined the loss there. We have a minimum loss of \$19,440,000 in Essex county.

1540

People say, "Did you support crop insurance?" We sure the hell did, because 93% of Essex county is insured. We have the second-highest number of crops insured in Ontario—4,540. We have the second-highest acreage insured—325,000 acres. We have the third-highest liability in Ontario—\$70 million. Again, I apologize; these are 1990 figures we are relating to you. Those for 1991 are not yet available. But in talking to crop insurance, yes, Essex county support is there; 93% of Essex county has taken out crop insurance. We want to emphasize that.

We have made a recommendation to the minister:

"Whereas the lack of rainfall in Essex county during June and July 1991 has resulted in severe drought conditions;

"Whereas the farming community has sustained the negative financial effects of poor weather;

"Whereas the farming community alone cannot sustain these financial losses;

"Whereas this problem has become not only an agricultural problem, but a problem for the whole of the Essex county economy;

"Whereas the current situation has resulted in a financial crisis for farmers in Essex county which has spread throughout the Essex county economy;

"Whereas existing federal and provincial programs such as the GRIP, NISA and crop insurance are insufficient;

"Now therefore be it resolved that immediate emergency crisis funding be made available to all primary producers affected on an individual basis."

Just as I close and allow our people from Kent county to show their facts and figures, I have a letter here. It happens to come from the department of social and family services from Essex county. I am not referring to Windsor at all. I would really like you to pay attention to this, because it really hit the committee when we saw these numbers and we heard these comments.

"The 1991 drought in Essex county is and will affect the amount of general welfare assistance paid on behalf of people in need.

"The individuals and families living in our farming community are a very proud, resourceful and hardworking people. These people have helped one another through many difficult times over the past several years. This year's drought will mean the end of farming for a good number of our Essex county farmers who have run out of alternate resources.

"The off-farm-work income which had formerly assisted many individuals and families through the tough times has virtually disappeared. High unemployment is being experienced in most of the employment sectors. This fact alone could increase the demand for social assistance among this traditionally independent segment of society.

"Farmers in general, being self-employed, would not be eligible for public assistance. However, should they be willing to actively seek other employment, then eligibility could be considered."

Here is where the facts come in, ladies and gentlemen. "The impact of adding additional welfare cases would contribute to the already enormous cost of public assistance and create further local financial problems."

In July 1989, there were 484 cases, with a cost to the county of \$3,913,000 per year. In 1990, that grew to 1,223 cases and a \$7,784,000 cost. In 1991, it was 2,157 cases, with a projected cost of \$15 million-plus for social assistance in Essex county.

"It is my opinion that financial aid be given to our farmers to ensure that they are able to meet their related financial obligations; they remain a source of employment opportunity for those who are in receipt of public assistance; they are able to produce a product which generates tax revenue, personal and corporate income; the family farm remains the backbone of a hardworking, productive community.

"In closing, I would encourage both the federal and provincial governments to help our farming community maintain viable farming operations, as opposed to paying more money for additional public assistance programs."

That was signed by the administrator of social and family services, Donald M. MacLellan. We thought it had a lot of impact; \$15 million is not a lot different from the \$19 million the farmers have as a minimum loss in Essex county.

Mr Cowan: I would like to add one small thing here, because Mr McGeachy has to speak too. You might have heard the figure where we had \$40 million coming out of Essex county before. That was comparing 1989 to this year. Because of the low commodity prices, because of the bad yields we have, we can show in our documentation over \$60 million missing from our county this year. If you use the multiplier factor in there, it is close to \$500 million of cash flow that we are missing.

Mr McGeachy: I am Scott McGeachy, president of the Kent County Federation of Agriculture. I am also accompanied by our county warden and another representative of the federation.

As you can tell, Kent county, with over 500,000 acres in production, is not unfamiliar with the problem that is seen in the Essex area. We managed to produce \$269 million worth of produce. We have over \$1.3 billion tied up in assets. We too have incurred the drought. We must admit to the fact that it is much spottier allocations of drought. In the northern quadrant we see a much higher production, but there are regions in the Kent area that have suffered tremendously.

Our unemployment is astronomical. Out of a 60,000-person workforce, we are currently running about 17,000 people. In terms of welfare, we are now sitting at approximately 1,500 cases. We anticipate that by year-end it will be close to 2,000.

As you flip through the pages of our report, our economic reports are that, on a multiplier effect, \$1 from the farm means \$7 to the economy. Through the drought, that has a ripple effect—and I will pull it up for exact figures—of close to \$427 million in the general farm economy. As I will show you here, that has a very vast effect. There are problems now, but they will continue on.

We are anticipating an incline on unemployment through the fruit and processing sectors. As you see, the farming claims have increased, and they will continue to

do so until the farming sector has been rectified as to its problems.

We presented the briefs. What you must understand is that we have in the past claimed that this is a farming problem. The problem does not exist just in the farming community. Each and every one of us has a vested interest because we usually eat three times a day. Not only that, 20% of the jobs in this province are related to agriculture. It is not a farmers' problem.

In a report that is very clear, there are numerous agribusinesses that are in financial problems, mainly due to the fact that they are carrying large debt loads under the circumstance that farmers cannot afford to pay those bills. When you help the farmer—and we are hoping that help will come soon, both to the general farming economy and as well to the drought areas—you are not only helping the farmer; you are helping the general farm economy.

On that note, I might just ask you to refer to the last page of our presentation. Let's not let that article be read again. We do not need that.

Mr O'Neil: I believe that is the extent of our presentation. Maybe I would just go along with that last comment. Certainly in Essex county, being a rural agricultural community, there are about seven or eight small towns that are very dependent upon the viability of the farming community. If the farmers are not healthy and the employees of the farms are not healthy, then our towns are also not healthy. We are seeing it right now in the urban areas of the community.

1550

Mr B. Murdoch: I thank both groups for coming here today. Certainly I know this is happening. I am a farmer also, so I understand your problems. It is not only in the crops. We have more beef in our area and the same problems are happening there.

If we get assistance, that is going to help us for the short term, but what are we going to do in the long term? Price is what our problem is. In your case the short-term assistance is going to help this year, but what are we going to do next year if we have a good year but the prices are no better than they are right now? Where do we turn to then?

Mr Cowan: I am not sure what we are going to do. If I knew that I would probably be a wizard at this point. I know that we have major problems in our county, and Scott and I have been talking about it. He has major problems in his county also.

We are looking at the possibility of up to two-thirds of our farmers in Essex county not being able to obtain operating capital for the springtime. Now that is a reality, and that comes from the Ontario Ministry of Agriculture and Food—I have a little bird in there.

We started to see the problem this spring with some of the statistics from farm debt review and I think different lending institutions, and we said, "We have got to start talking." So we started to talk, and we were labelled as whiners and cryers, so we decided to come up with this.

We have facts here. We are not kidding. What to do? I do not know. What would cure the whole thing is to get a good price in the marketplace, but because of factors way

beyond our control, and possibly out of the control of Ontario, we cannot do that. I wish I could answer your question, but I cannot.

Mr McGeachy: There have always been lots of good studies, and I think some warrant further investigation. I speak of the comparative share which was presented in federal cabinet. But we in Kent county were faced with many problems. One of the initiatives we took was to hire a firm to deal with the free trade issue and how we could make use of that in the agriculture sector. We released a report last week. But the essential problem is that the price is not there and, furthermore, some of our businesses are creating dollars in this country that leave.

In seed corn production our counties have been devastated. Because of that, our production of seed for next year's crops has been declining. There are companies that have gone down to the Argentine area to grow 10% to 12% of crop to make up for next year's sales. That is lost revenue, and the farmer can anticipate a higher cost-per-unit just to seed his crop next year.

We need to build a stronger Canadian economy. We need to circulate it through the agricultural industry, because there is no one who can dispute the fact that agriculture is the centre of the wheel. The spokes are the rest of the economy. We have a tremendous ripple effect on that—transportation, packaging. It just flows right through the entire system.

Mr B. Murdoch: You said we are sick and tired of being called whiners. Actually, if the farmers do not say anything, there are a lot of other industries out there that are not going to survive without the farmers and we seem to be carrying the ball for them. I know what you are saying, because you hear that all the time in the media. They say: "Oh, the farmers are upset again. They are just whining again." But if they do not say anything, there are a heck of a lot of other people out there who are not going to benefit.

I think too governments, both provincially and federally, are going to have to figure out whether they want to have farming in this country or they do not want to have farming and quit fooling around with grants. In this case, for drought relief, that is a different thing. But then we will go around and we will get a grant for this and a grant for that, and you cannot have farmers working on grants. We are going to have to get both governments together to say they are serious about farming. I could be sitting here with you guys, so maybe I will let someone else—I am just going to tell them what I think.

Mr Trimble: Richard Trimble, political awareness committee, Essex county. I have a simple solution. It is called supply management. Everything is supply management, your cars or whatever you want. It is supply and demand, and that is how it has to be. We have to shut the borders and have supply management.

The Chair: A comment well made. If you would like to pull a chair up, feel free. Mr Arnott.

Mr Arnott: Gentlemen, I would like to thank you very much for your presentation. I am pleased you had the opportunity to come in today to make this excellent pre-

sentation. I think one of the problems, when I look at the farm issue and why, in my view, we have not had the support from the provincial government, is that there was a concern for many years in rural Ontario as to what might happen if we elected a Premier who was a resident of Toronto. When you have the very top leadership that does not have a fundamental background or understanding of the farm issues, he has to be educated on those issues, and I think that is where a lot of our presentation has to be made, directed directly to the Office of the Premier. I really believe that. I look at your economy in Essex-Kent and I compare it to my own riding in Wellington county, when we talk about the farm economy, the farming economy is Wellington's economy and when farmers are hurting, the rest of the economy in the area is hurting badly. I would like you to elaborate if you would on that aspect in your own areas, how the fact that the farmers are hurting is affecting the rest of the economy.

Mr McGeachy: First of all, and this is meant as openly as possible, I think one of our problems is the simple fact that we need each and every one of you not to criticize one another, but to work together on this, because whether you are Conservative, Liberal or NDP, you all have constituents who vote, pay taxes and have a viable interest in what we are speaking about.

So let's not start taking shots at one another. That is the key thing that we have done as committees by making a county presentation—we have made a request that you all work together. We are not in this for any particular party. We are in this for farming, for the farming industry and for the general economy. That is how it has to be seen, because we are not only hurting ourselves. It has gone too far. The perfect example is that in 1986 this article was out and about in the farming country: "Crisis, what is it?" Farmers had that problem back then. I am sure many members here can remember it. It still exists, and why is that? Because there have been too many backshots, too many movements around. We need to deal with it.

You asked for the ripple effect in the farm economy in our area. For an example, the Olinda plant in Leamington was closed down. A good portion of those farmers had to either relocate or close down their operations. They are looking at transportation of tomatoes and produce some 50 miles. That means higher input costs. The ripple effect is that those people who worked at Olinda are out of a job, which means higher welfare, higher unemployment, higher taxes. That is a simple example. I can go into more.

The Chair: Mr Hayes wants to ask a question and then Mr Waters, but do you have something you want to add to what has been said?

Mr Cowan: A very quick comment on the ripple effect: We have been able to come up with a guesstimate which the University of Guelph will accept and it is a seven factor. As I said, if we get into these numbers and figure it out compared to 1989, which was a fairly normal year for us other than for the fact that we had the large flood, it comes down to that seven factor. So if we are talking about over \$60 million times seven, that is \$420

million of cash flow in our economy. Now that is a ripple effect and I think it gets everyone's attention.

Mr Hayes: I would like to congratulate the group for coming here and speaking in one voice for the farmers in Essex county and Kent county, and also thank you for including Mr Mancini and myself and Steven Langdon and Jerry Pickard in helping assist in the little bit we did. We were glad to be part of it. I think it is very encouraging that the people on this committee came here with uninflated figures. I do not think you pointed it out there, Rick, but maybe you can allude to that. You did not use the figures per bushel as they would be under the GRIP; these are today's actual prices. Is that not correct?

1600

Mr Cowan: Yes. That is why the number is so low, because we have used this year's prices as of now and we have used estimates that are within percentage points in our major document. Once that document is released, if you want a copy, please get hold of us and we will make sure you get one. The minister is in possession of a copy of our total brief. This is our executive summary which has been worked around a little bit differently for this committee. But in there is proof. It can be backed up four or five times. My friend Mr Dawson here would not give me the factors of those guesses as of 1989, but we can prove undoubtedly that \$20-million loss.

Mr O'Neil: That is using a five-year average when three of those years were disaster years.

Mr Cowan: If there were a normal five years, the figures would be substantially greater.

Mr Hayes: Yes, I am aware of that and I just wanted to make sure you made that clear here. I do not want to get away from the drought situation, and I can say to you that this government is well aware of what is going on. Of course, I and Paul Klopp and Elmer, the Minister of Agriculture and Food, have looked at a lot of the areas and I just want to assure you that we are well aware and we hope we can do something that will be satisfactory to your committee.

The other thing is that prices really are a concern. If you just take the drought situation out of the way for a second—and I know Dave was talking about the crop insurance. If farmers had a decent price for their crop and their labour, you would probably have 100% in crop insurance because some of them would be able to afford crop insurance then. Maybe you can respond to that, or maybe Dave or Scott can respond to that.

Mr Cowan: If I manufacture this cup and it costs me \$10 to manufacture it and someone else offered me \$5, if I do not take the \$5, it gets smashed with the hammer. There is the situation.

Mr Waters: I like what Mr Murdoch said about helping you in the short term, but with the long-term goal in mind, I do not think governments have really helped your situation. They have thrown money at it, but they have never resolved the long-term problem. I heard what this gentleman said, so I would take that—but how can we be on the short term? You are in a drought crisis. How can we

assist you in such a way that we know it is going to be you we are assisting, if you know what I mean?

Mr Cowan: We feel the GRIP and NISA programs are very good programs, but as far as GRIP goes, it is only for grains and oilseeds. NISA takes in everyone. Some of the people say that will help horticulture. Horticulture right now is falling through all the cracks. That is one thing I must say. We need some more programs like GRIP for horticulture. I think the other main problem we have now is short-term, to get these people into these existing programs before too many others lose their farms. As we sit here right now, there are people out there losing their farms, and the GRIP and NISA are not going to be any good whatsoever if we cannot get them there.

Mr Waters: I find that somewhat surprising when the bankers said it would take up to four years to foreclose on you.

Mr Cowan: That is not what we are seeing.

Mr O'Neil: As a lawyer, I have certainly been able to do it quicker than that.

Mr Hayes: The issue that was raised, the suggestion that more people get into supply management, can you tell us what we could do with your group and other agricultural groups across the province and the government together to go toward that goal? You do know this government is in favour of supply management. It is something that I guess the government does not just want to say, "Here, we're going to hand that to you," or, "We're going to force you into that." What assistance would you give the government to reach that goal?

Mr Cowan: I think right now what we have to do is to make sure we support our federal government, or talk our federal government into supporting the farmers here in Canada. We have GATT negotiations going on and supply management is on the boards right now. There are a lot of factors in this world that want to see supply management go. Maybe it is a 1% profit. Fine, at least there is something there. There is a formula in there so that a person can go and make something out of it, rather than always lose at it. The other caution is that supply management will not work for every commodity. It is an individual thing. Farming is very diverse. It is as diverse as the people sitting in here, so it is a complicated beast.

Mr Mancini: It has been intimated in the brief several times and during the conversation we are having this afternoon that unless the government is able to support the drought relief program as outlined here to us this afternoon to the tune of some \$20 million, there will be fewer farmers in Essex county for the next spring planting season. My question to Mr Cowan, the chairman of the committee and the chairperson of the federation, is, what if the government came through with a \$5-million program or an \$8-million program? What would your response be?

Mr Cowan: Our response at this point is that we started this committee for a reason. We had people who were getting very upset that we were not doing anything. There were threats of blockades, threats of marches and surrounding Parliament Hill and the House. I am not making

this up. Mr Dawson can maybe elaborate a bit or say a little bit more about it. That was our concern.

We believe in this process. We have every elected official in our area. Our county council and warden are here. We had an agribusiness representative who could not be with us. Mr Mike Quinlan had a prior engagement he had to go to. Some emergency came up, but I wish he was here to help with some of the questions about whether we going to have farmers or not.

But what we are going to see if this fails is that if we do not get enough funding to help the farmers, then we are going to see something else and we do not know what it is. We do not want to say what it is, because we do not know. That is not the mandate of this committee. Our mandate is to do the proper thing.

Mr Dawson: Can I comment on that, please? We have been in contact with other larger groups of farmers who also are upset with the way agriculture is going. We have chosen the route of bringing accurate information to both levels of government, very factual; if anything—excuse me—it is conservative data. These numbers are not inflated by any means. These are the facts.

The drought committee has been asked: "What are you guys going to do if you fail? What happens if you don't get funding, or sufficient funding, to solve the problem?" I guess we are going to have to turn that back into the hands of the farmers who asked the question then. There is a lot of militancy out on the farm. We are not here to threaten. We are not militant people here at this counter or within the committee.

I am an agribusiness person. We have a major stake in agriculture in Essex county, with four fertilizer plants across the county. I have never seen the farmers so dependent in the 18 years I have been involved with agriculture. There is no enthusiasm to this harvest. There is a lot of stress out there. Farm safety is in question right now because of the stress. There is indecision by government and all parties within the government on what the answer is.

There is a comment within the brief that I would like to bring forth, not to hold you up—there are two things.

We have put together an agriculture resource directory, within this book, and it is open for anyone in government at either level to call. Please call. The people who represent the farmers in Essex county are there. There are lots of names and lots of numbers. You should get an answer somewhere.

One of the comments that came out when we were trying to come up with a recommendation—and we are referring to the agricultural problem—was that the solution to our problem will not be easy, will not be cheap and will take some very smart people. Now, we feel that not all the smart people are in Essex county, we do have a few elsewhere, and we would gladly—and I know our Kent colleagues are the same—review any possibilities the government may have, either Conservative, Liberal or NDP.

1610

I think the farmers are willing to sit down and work with government with one voice. I think that is a change of heart that you have seen from the past. I have seen it and

Rick and our other committee members have seen it. This committee has functioned very well with Mr Hayes, Mr Mancini and our two federal MPs. Everybody has worked hard to make this. We have to solve our drought problem first and then we will come back to you with all the other solutions too, or help in that decision.

Mr O'Neil: The simplest answer is that while \$5 million or \$8 million is a substantial sum of money, it would not be enough to alleviate the problem and it would not stop the disaster that is facing the farming community and the farms would still be lost. There are \$6 million or \$8 million worth of payments due November 1 to Farm Credit Corp and for the crop insurance. There are no moneys to meet those payments.

Mr Mancini: First, my question was aimed not so much at what political action farmers would take but what would the financial repercussions be, since it was told to us this afternoon that maybe up to two thirds of our farmers, give or take a few percentage points, may not have cash flow. They may not go bankrupt, but they may not have cash flow to do what needs to be done next spring. That is what led me to ask you what would happen to the Essex county economy if you receive \$5 million or \$8 million or \$6.5 million, or whatever the figure is going to be. We do not know what that figure is. But what would happen to the farm community was more of an economic question than a political question.

Second, since we have spent quite a bit of time on that question, I want to talk about the delivery program. It was said to myself and, I know, to you gentlemen and to others that the ministry is very interested in finding a delivery method if and when it announces funding for the drought relief. The minister even suggested that I help him work out some kind of arrangement when I was questioning him in the Legislature the other day.

What I would like to see, and I was wondering, since we do have professional people within OMAF and they have many years of experience and they have been involved in droughts and floods before, and past governments have responded before in one way or another, if you would agree with my position that the ministry staff, on behalf of the minister, prepare anywhere from five to eight options for the committee to consider along with the farming community and then inform the minister, "Yes, these are probably the two or three most popular options that we have," instead of us, with no staff and with no bank of computers, trying to figure it out on our own. I was just wondering what you felt about that.

Mr Cowan: I do feel we need a delivery system. Our mandate was not to find one but to come and present the problem. We realize we have to have one. I entertain anything that will get that sped up very quickly. As was stated earlier today, it has to be very quick—weeks and/or days. We are not in a position where we can wait very long.

To answer your economic spinoff effect, what will happen is, if I cannot get money from a bank or a lending institution to plant my crops, I am going to go to Mr Businessman Dave and say, "Will you fly me till the fall?" I am going to go to my fuel supplier and I will probably

not pay my municipal taxes at that point. You can skip paying them for three years before they kick you off, so that is the first thing I am not going to pay. That is what is going to happen. I know that Mr Dawson cannot afford to do that. That will be what will happen and then everyone is going to be upset.

The Vice-Chair: I wish to thank you for your presentation. It was a good presentation. I think we all got something out of it, especially your situation where you are in the key areas of drought in the province and are affected a lot more severely than most, I would imagine. As soon as the committee is finished, we will get you a summary of the report.

Just so the people coming before the committee realize this, and I will apologize on behalf of the committee, but in case you are not aware of it, the same discussion is going on in the House today. It is of key importance to the government as a whole, all three parties, so there will be members coming and going because of their need and want to participate in the House debate as well. It is not that we are trying to slight anyone. It is just that it is that important to us as members.

ONTARIO CATTLEMEN'S ASSOCIATION

The Vice-Chair: The next group I call before the committee is the Ontario Cattlemen's Association, if you could please come forward and introduce yourselves for the sake of the committee and Hansard. Once again, as with other people who have come before us, I would ask that you try to keep your remarks down to 15 minutes or less so that we can have an opportunity to interact with you. At your pleasure, gentlemen.

Mr Coultres: My name is Glenn Coultres. I am president of the Ontario Cattlemen's Association. On my right is Bob Kerr, second vice-president, and on my left is Graeme Hedley, general manager. I would like to thank you for giving us the opportunity of making a presentation to you this afternoon. I believe you all have a copy there and maybe I will go over that with you.

The Ontario Cattlemen's Association welcomes this opportunity to meet with the standing committee on resources development about the crisis in agriculture. While the focus of attention has been on depressed prices and incomes of grains, oilseeds and horticultural producers in agriculture, the livestock-meat sector has also recorded seriously depressed prices this summer. The perspective we want to bring to this review, however, is the cross-relationship or impact of low grain prices and grain support programs on the livestock-meat sector.

The Ontario Cattlemen's Association represents the interests of commercial beef cattle producers in Ontario. Active membership and participation is at the county-district level in local cattlemen's associations which operate autonomously from OCA but are affiliated for the purposes of representation, communication and policy initiatives. The Ontario Cattlemen's Association is funded by a check-off on cattle sold through an auction market or direct to packers. However, the association does not have agency powers which regulate how and where cattle are sold.

The concept of tripartite funding by producers, the federal government and the provincial government was pioneered by the livestock sector in the early 1980s and resulted in the formation of the red meat tripartite stabilization program. In the mid-1980s a major thrust of the tripartite concept was to achieve uniformity of price support in all provinces across Canada. In 1988 the original concept of national uniformity in price support was modified to a goal of national uniformity in all government support programs to the sector.

To achieve this, a ceiling of 8% for major producing provinces was established on net government benefits for red meat commodities. While all major producing provinces are below the 8% ceiling, considerable variation in government support still exists and affects not only ability to compete but also market share produced in any province. We believe the best and most likely solution to this inequity is to reduce the ceiling on expenditures set out in tripartite agreements for cattle. To this end, we solicit your support.

This past summer has seen the most severely depressed prices for finished cattle in the last three years. Losses on feedlot cattle going to market this month will exceed \$100 per head for many cattle feeders. We expect significant payouts from the stabilization program, even though it is not designed to fully offset losses.

There are major linkages between the grain and livestock-meat sectors. Both sectors are market- and trade-oriented, and consequently not only comparative advantage but also program payments have an impact on competitiveness of Ontario producers and market share of production. Because Ontario livestock feeding is land-based—grain grown and fed on the farm to livestock—equitable treatment of farm-fed grains in safety net programs is vital to maintaining the competitiveness of livestock feeding in Ontario. From a policy perspective, that equity has been achieved with the GRIP, or gross revenue insurance plan, program. However, from an administrative standpoint it remains to be seen whether calculations of grain and grain silage crops grown and stored on the farm are accurate and equitable.

1620

Negotiations are continuing with the federal government on the treatment of farm-fed grains in the NISA program and the advance payments program. Essentially, failure to achieve full equity in federal and provincial program payments between grains sold into the cash market and grains fed on the farm to livestock affects the competitiveness of livestock feeding in Ontario. In a market-oriented industry, that failure can translate into lost market share produced in Ontario. That is exactly what has happened during the last five years. Because there is significant downstream employment in food processing, distribution and retailing from the livestock-meat sector, it is important that the impact of these linkages be considered in developing and administering grain safety net programs.

Finally, there is also a significant linkage which flows between the grains and forages sector, where ruminant animals act as the bridging link. According to Agriculture Canada, net benefits from all government programs provide 40%

to 50% of the gross revenue from grain crops grown in Canada. These programs have a bearing on decisions for land use. Forages, on the other hand, where the only major use is as ruminant feed in integrated crop-cattle-sheep-goat operations, receive very little program support in comparison to grains and oilseeds. Forages are a critical and vital component of sustainable agricultural production systems, and because their major use is as ruminant animal feed, if we are to give more than lip service to sustainable production systems in agriculture, it is vital that thought be given to the balance of program expenditure between the grain and oilseeds sectors and the other parts of agriculture.

While we recognize the crisis in the grain and oilseeds sector, if some semblance of balance is not maintained, then the program expenditures in grains and oilseeds will discourage forage/livestock-based production, and that will have implications for value added economic activity, employment in food processing-distribution and sustainable production systems.

Again, we appreciate the opportunity to make these comments to the committee.

Mr Waters: One of the presenters just before you said that horticulture is falling through the cracks and it should be treated like other aspects of agriculture, that other people were accessing government programs to help them out and yet some of these horticulture ones were dropping through. You seem to be concerned that they might end up receiving assistance that you would not be eligible for. Can you elaborate on your discussion on that?

Mr Coultres: Do you mean the horticultural sector or the total grain—

Mr Waters: No, the grains and oilseeds horticultural sector, the cash crops versus the red beet industry. Is your concern that they will receive assistance and you need it also?

Mr Coultres: Our main concern is that the support would go to the grains and oilseeds sector and not to the crop-producing sectors that produce those crops for livestock. In the past, because we are land-based with farm-fed grains, we have not received the support they have.

Mr Waters: But are you facing the same drought conditions or the same financial fallout of the drought that they are in Essex-Kent? It is basically southwestern Ontario that has been hit so badly, those two counties. Are there very many of your members facing the same conditions who would have the same fallout?

Mr Coultres: Bob comes from the Chatham area. Maybe he could answer that.

Mr Kerr: It is hard to generalize. The area that is most severely affected is in Kent and Essex county. I understand that the area along the north shore of Lake Erie has also been very dry and there are other pockets of drought. But the counties in the lee of Lake Huron are less severely affected.

Mr Waters: What I was getting at was, because of the drought, is the red meat industry going to face it as severely as, shall we say, the grain and oilseed people within that area?

Mr Coultres: I would think it would be very similar because the livestock sector is land-based. They grow their own crops. If there is a drought, they will have a reduced yield, the same as someone producing corn to be sold on the market. They will suffer the same way because they produce their crops to be fed to livestock, while the grain and oilseed sector produces crops to be sold on the market.

Mr Duignan: I want to touch on a subject that you mentioned briefly in the opening part of your presentation that deals with the seriously depressed prices your industry is facing this summer. Could you elaborate a little bit on that, and what is your opinion of what that is attributed to?

Mr Coultres: I think there are several factors, but we are in a market-oriented industry, supply and demand, and supply has exceeded demand. Basically the market prices went down from June prices of somewhere over 90 cents to prices in the last week or two of below 80 cents. There is maybe a decrease in consumption, but it is mainly a relationship between supply and demand.

Mr Duignan: I have had a number of phone calls to my constituency office in relation to what a large super-market chain was doing in relation to importing beef into this country. It was bringing in beef wrapped, packed and priced from Buffalo and just simply putting it on the market shelf. Would that have a bearing on your price too?

Mr Coultres: Prices are depressed in Ontario, western Canada and the US. It is a North American-based market, so I think prices are depressed all over.

Mr Huget: I notice your loss per head of \$100. In my opinion, that may be light. It is probably closer to about \$125 a head. In light of all the losses that are experienced year after year in the meat industry and the red beef producers' situation, how many livestock producers in the last few years, or in the last year, have gone out of business, out of production of livestock, that you know of? Do you have any ballpark figures about how much that industry lost this year or over the last few years?

Mr Hedley: Yes. If we compare 1990 to, say, 1986, in that time frame production has probably decreased in the order of 40% in cattle feeding. The cow-calf sector, if anything, has increased marginally. The cow-calf sector, in terms of number of cows, has been increasing in the order of 1% to 2% per year for the last four years.

Mr Ramsay: Thank you for your presentation. There is some speculation that the government may be providing some assistance to the industry through the income stabilization programs that are already there. If they do that, is that going to be a benefit to beef producers in Ontario?

Mr Kerr: You are referring to the national tripartite stabilization program. Yes, I think Ontario cattlemen have looked to that program as their safety net. There was some consternation that there were no payouts made for the month of June. We do not know at this point what the size of the payouts will be for July, August and September, but I guess if there is one element of hope that cattle feeders have to hang on to, it is the fact that there will be a substantial tripartite payment for the last three months.

1630

Mr Ramsay: You mention here that the negotiations are continuing with the federal government on the treatment of farm-fed grains in the NISA program. Would provincial participation in NISA help the beef industry in Ontario, do you think?

Mr Coultes: Definitely.

Mr B. Murdoch: I would like to thank you gentlemen for coming here. I am a beef producer myself. One gentleman mentioned last time that supply management would be the way to go. Maybe you would not agree with that, or would you?

Mr Coultes: I guess my only answer would be that we had a vote two or three years ago, and that is the last official position we have taken.

Mr B. Murdoch: The Ontario Cattlemen's Association has not changed its mind on that then.

Mr Coultes: Not the Ontario cattlemen as an association, no.

Mr B. Murdoch: All right. You mentioned the tripartite for some, but there are a lot of cattle producers who are not in that either. Do you have any solutions? You might as well keep your cattle as sell them right now. To take them to the open market, you are going to lose a lot of money, especially in the cow-calf. They are not worth selling right at this point.

Do you think we have to set fire to both the provincial and the federal governments to take a serious look at whether they really want to have agriculture in Canada? Do you think there is a movement afoot to say that maybe we should not be in agriculture in Canada? The governments seem to be talking that way. Do you think there is something there? I am talking about both federal and provincial.

Mr Coultes: The cattlemen as a group tend to say they would like to be able to compete and they would like to try and compete, be it with the US or with western Canada. The background statement would be, if they are given the level playing field, they think they can compete. This is maybe one of our major concerns, that we would like a level playing field between countries, between provinces and between commodities, and just to be treated equally.

Mr B. Murdoch: Saying that, we are going to have to get the governments to get off their rear ends and do something then.

Mr Coultes: We would like it if they would, yes.

Mr Hugot: Just following on your comments about the level playing field, Alberta, as you know, has taken a great chunk of the Ontario meat-packing business and cattle production. It is almost impossible for people now, I think, to bring calves from the west here. That market is gone. Could you give me an indication of what makes the situation so much more attractive in Alberta than Ontario? What have they got that we do not have? What are they doing that we are not doing?

Mr Coultes: They have government programs, for one thing. When I mentioned the net benefits study as in-

volved in the tripartite agreement, their level of support is somewhere around 6.4%, so that is about \$64 on a \$1,000 animal. In Ontario the support level is somewhere over 2%. So the difference there is about \$40. That has resulted in a major shift of the cattle feeding from Ontario to Alberta.

One of the problems we referred to in the equality of the funding of the grains programs was that Canadian special grains did not include corn silage and it had an effect of considering the western producer ahead of the Ontario producer. I think these are two factors that have made a difference in the cattle feeding between the two provinces.

The Chair: Gentlemen, all of us on the committee want to thank you very much for taking the time to come here today. Your comments were well made and are going to be valuable to all of us in the recommendations that are made. I am hoping you will get copies of that report as soon as it is prepared.

ONTARIO WHEAT PRODUCERS' MARKETING BOARD

The Chair: We now have the Ontario Wheat Producers' Marketing Board.

Mr Dmetriuc: My name is George Dmetriuc. I am the chairman of the Ontario Wheat Producers' Marketing Board. On my right is Dave Alderman, our first vice-chairman, and somewhere out in the hallway is our secretary-manager who will be joining us in a moment.

Mr Chairman, I apologize. We tried to get the brief to you earlier. It is fairly extensive, so what I am going to try to do is summarize some of the paragraphs to allow more discussion. If I seem to be jumping around, just interrupt me.

First of all, we would like to thank the committee for the opportunity to appear. Just as a matter of background, our 10-member board is a producer board which has single-desk selling powers as an agency. We take possession of wheat delivered to our appointed elevators and market the crop on behalf of producers. All wheat, except farm-to-farm sales, must be marketed through that system.

The authority and the effectiveness of the board have been fairly stable. We have the ability to market all wheat produced in the province, with about 25% of the total annual production of some 900,000 tonnes sold domestically and the remainder exported.

Our production varies from year to year, but generally, because producers use wheat in their crop rotation and if production patterns are normal, soft white winter wheat is an important factor in their crop rotation and in their marketing.

The other importance of wheat is the early cash flow it triggers in August or September. That is important to give the financial institutions the knowledge that in fact a farmer will have a commodity to sell fairly early in the year. Our initial payments vary from year to year. Our initial payment for this year is \$75, which is down from \$115 a year ago.

Turning to page 3, I want to dwell a little bit on where we find ourselves as an industry. As a \$140-million-a-year industry, we find ourselves in severe jeopardy because of a number of devastating circumstances. First and probably the most important is that wheat is the commodity targeted

in the US export enhancement programs and the EEC restitution. Wheat is the number one grain commodity traded in the world. Soft white wheat accounts for about 75% of the world trade.

Just to give you an indication as to the impact of the export enhancement program, refer to the graph and you will note that it varies from a low of \$14 in the 1989-90 crop year up to \$37 for 1990-91, and recent sales to Algeria by the Americans had an export premium of \$65. We also export into non-targeted markets and those are the only ones that give us an ability to get more money out of the marketplace vis-à-vis the US export programs.

Another disturbing factor is that the export enhancement program funding has no cap; it is unlimited funding. The unresolved GATT situation has kept that trade war in place, to our jeopardy in effect, and we see this continuing for some time. Referring again to the export enhancement the US has in place, it has not gained market share but in fact has lost market share and continues to subsidize almost every sale.

1640

Another factor which is very disturbing and difficult to explain is the fact that world production and world carry-over of stocks are not increasing and in actual fact are decreasing. In a normal trading scenario, this would mean that prices should be pushed up. This is not happening.

Nearly two thirds of all global trade in wheat and wheat flour is conducted on credit or concessions or gift terms, and that has hampered some of our exporting ability. If we do not get in line at the proper time, we do not sell into some of these markets. Those are competitive factors we have to overcome as we market our wheat.

Another factor that is starting to affect wheat trade is the Canadian monetary policy. With a strong Canadian dollar, a dollar that is strengthening, it is reducing the value of our commodity. I guess we are not the only ones who are caught in that, but it is a factor.

One of the most disturbing is the last item on page 6. In 1992 the United States intends to target export enhancement to all countries. Even Canada may not escape the mark of this program. This is a proposal that has been put to the administration. It appears to have a significant amount of political support. We are just waiting for that outcome. Just to repeat what I said before, the actual dollars in terms of export enhancement affect the price at which we can offer wheat on the international market. It has been somewhere between \$35 and \$45 a tonne.

Referring to page 7, there are just a couple of charts to show what the Chicago futures have been. You will see the very low trading value of agricultural commodities. The bottom chart shows a three-year decline and the steadying out at the end of 1990, and now prices are starting to be pushed up very slowly.

We appreciate what the government has done to enable the implementation of GRIP. Although we are disappointed that the province is not participating in NISA, it is certainly not putting obstacles in the federal government's position to try and get some money into the farmers' hands. The income shortfall for wheat in the 1990 crop year is about \$15 million. This cash injection is needed

desperately, not only for wheat but also for corn and soybeans, to ensure the survival of farming operations. The total need, as I am sure you are aware, has been projected at about \$124 million.

We have also been faced, as a marketing board, with a number of other issues. We had a three-year supply agreement with Egypt. That was scuttled almost immediately by the US when it offered export enhancement to Egypt. In actual fact, we have not been able to sell into that market at all. We understand the US is offering \$80 per tonne to the Egyptians as an export bonus, and that equates to about \$65 a tonne for Ontario wheat in the Great Lakes.

We are also seeing devastation of our value added market. Our milling industry has been shut out of all flour export opportunities because of US and EC competition. They have also asked us, as a marketing board, to keep them competitive with US flour and, in effect, grains. We are competitive in terms of US replacement wheat. We are not sure whether the mills are going to be competitive in the flour scenario. They may not. The milling capacity in the US, the efficiency of their plants far exceeds what we have here in Canada.

As I say, we have been able to fend off the importation of milling wheat into our domestic market. We have done it by reducing the price from \$265 a tonne two and one-half years ago to \$135 today, and this of course equates to lower pool returns.

The present cost of input for winter wheat is about \$160 a tonne. It is projected that our pool returns this year will be \$100, with a \$60-a-tonne shortfall. Although the board and the wheat producers have reduced their income to make sure that Ontario product goes into the marketplace, that dollar value has not been reflected on the store shelf.

On page 11 is just one example of a number whereby actual value of product in a shelf container has been reduced, yet the shelf price has continued to escalate. There are many examples in addition to crackers, cereals and a number of others.

Our industry is at a critical turning point. Our producers are faced with aging technology. The average age of a combine is between 17 and 20 years. That is not our guess, that is a published number. I think most of the other equipment that farmers have would be in that same situation. What they have been doing is fixing, patching and hoping that things will turn around.

What we are being faced with is a situation whereby financing has to be found to bridge a gap between the programs we have had in place and the new GRIP or the new safety-net programs that are coming into place.

The board fully supports the commodity council's report position that has been submitted to this committee. We have attached to the brief a number of Data Transporting Network reports and I will just leave those for your perusal, with the exception of just making a comment about the very last one, and that is the United States Department of Agriculture's interpretation of what our safety-net programs are in Canada. That report is totally distorted.

For a trading partner that Canada is supposed to have, we find it very disturbing that the USDA would take that

approach. Basically what they are doing is targeting our GRIP program and saying that what we have here is not what they like. I am going to request the federal minister to respond to this and to correct the obvious errors. However, it does not do very much for our producers when they see this type of reporting.

1650

Just one more observation, and that is on page 14. I refer you to the bar chart—you may have seen it already—which indicates what the actual cash situation is in Canada in terms of where we stand on the poverty line. I think you have heard—and I heard some of the presentations the other day and some today—that we have a very severe crisis. I hope I did not jump over this stuff too much. I just wanted to highlight it. The members can fill in the blanks when they read the report. We will try and answer questions.

Mr Ramsay: Nice to see you again and to hear from the wheat board. I must say I thought you were maybe a bit too kind when you made the reference to GRIP and NISA and just said you were disappointed. This government did not fund NISA this year, which had been a previous commitment of the Ontario government. Have you done any studies of what impact provincial funding of NISA might have had for wheat producers in Ontario, what the cost might have been and what benefit would have been derived by wheat producers in Ontario?

Mr Dmetriuc: Because of the way the federal-provincial agreement is for 1991, the 1% participation on the part of Ontario would have generated an additional 0.5%. That would mean that every farmer would have a share of \$24 million. The provincial government's failure to participate has eliminated that \$24 million.

Mr Ramsay: What sort of assistance do you think then right now, in the short term, that we are addressing here today, this government should be coming forward with?

Mr Dmetriuc: There are many ways of delivering it. It is a question of what approach you would take in bridging that financial gap between 1989 and 1991. We would look at and have looked at many different vehicles.

The problem, very simply, is the inability to generate sufficient income out of the marketplace to meet their financial commitments. It is just not there. We as a marketing board cannot generate additional money. Even if we try, we just cannot. We know the other commodities are in the same boat. I guess basically what it needed is a federal-provincial commitment to an agricultural food policy and, in the interim, to have some money injected.

Mr Ramsay: I am not as much on top of this as I used to be. I understand there was a \$4-million rebate from the federal government for GRIP premiums to the province. Are you aware of that?

Mr Dmetriuc: I am aware that there was a rebate; I am not sure whether it was \$4 million.

Mr Ramsay: I understand it was \$4 million, and I understand the Ontario government did not apply that to Ontario farmers. I just wondered if you were aware of that.

Mr Klopp: On a point of order, Mr Chair: There was not \$4 million given to the provincial government. In fact the deal was not even signed at that point. The federal government was still drawing in lines all over the place. But there was not \$4 million given to the province of Ontario, in our hands. If there had been, we sure as heck would have got it to farmers.

Mr Dmetriuc: This is something I did not know, Mr Ramsay.

Mr Cleary: You were saying that on every tonne of wheat you produce, you lose \$60 a tonne. Is that correct?

Mr Dmetriuc: Yes.

Mr Cleary: Is that all wheats?

Mr Dmetriuc: Yes.

Mr Cleary: I was going to ask you about your yields in this particular year. How do they yield per acre?

Mr Dmetriuc: Projections are they will be down about 20%. Not all areas are as severely affected as, for example, Essex-Kent, part of Norfolk and the northern part of Lake Erie, but provincially it would be down about 20%.

Mr Cleary: That 20% and the \$60 a tonne, is that included?

Mr Dmetriuc: No, the \$160 is OMAF projections. That is government cost of production. Those farmers who have lost because of drought or hail or whatever reason are going to lose twice, in effect. First, they will not have anything to sell even though the prices are low. Second, there is no program to make up for it, other than through crop insurance, and that only covers 80%. I think wheat is probably one of the highest-participating commodities, and we are glad. We support the crop insurance program. But not all farmers had it. I guess that was their decision.

Mr Jordan: Thank you for your presentation. I apologize for being late. Do you see the market opportunities changing to any great extent? For instance, you mentioned Cuba in your report, and of course the conditions in the other republics now. Do you see a positive indication to the market for wheat?

Mr Dmetriuc: I had the opportunity to go with the Ontario government on a trade mission. We were successful in opening a market in Cuba this past spring. We satisfied that requirement. We were able to negotiate a slight premium over the world price. That slight premium really did not amount to a great deal of money. We have markets all over the world for soft white wheat. It is one of the top-quality soft white wheats. The markets are not going to change substantially until there is an agreement in the trade war. If the US broadens its targeting of export enhancement and the EC continues with its \$235 or \$240 restitution, we are going to be faced with the same thing again next year.

Mr Klopp: Do you think the federal government and the province should be pushing to go back to a two-price system for wheat to prove the point to the government that it has not brought the cereal down to the consumer and it has really not been of benefit to the wheat producers in this country?

Mr Dmetriuc: We had a national two-price wheat system. We asked that it not be dismantled. Consumers were not screaming that cereals were too expensive. What forced the dismantling, although the federal government will not admit it, is the free trade agreement. It is very obvious now, and it was obvious to us, although not crystal clear. But the writing was on the wall. So without the backing and the support and the programs that the US producer had under the US farm bill, which included the export enhancement programs, we were forced to go into that marketplace and price accordingly. We do export into the US and we probably will continue to do so if that is a better place. But I do not know whether another two-price system for a specific commodity is politically acceptable.

I would much prefer that all the governments and I sit on the third-line-of-defence committee at the national level, and we are encouraging them to actually say, "Look, agriculture is important." Yes, it is going to take tax dollars, and yes, we are going to get over this hump till the trade war is completed or finished—no more. That is the only thing. Otherwise we in Canada—not just the Ontario Wheat Producers' Marketing Board, but the Canadian Wheat Board has the same problem—will continue to market the same way as Australia and Argentina and whatever. You get whatever you can out of the marketplace and just hope to heck the farmers do not go around beating up the politicians. That is the way they market. They cannot compete against the US Treasury either.

1700

Mr Waters: I have heard different people come before the committee and they have talked about supply management. My concern about supply management is that when we go to the feds, they will probably, as you indicated, point to the free trade agreement or GATT or whatever. I am even concerned about the fact that we are looking at helping the people in drought conditions and in a crisis now.

It seems that as provincial government, even before this government's time, in the last couple of years every time we have gone to assist the farmers either the feds or the US yelled foul. Is there any way of assisting farmers so that we are not going to have this problem where people are yelling foul, or that the feds will assist us and follow through on it?

Mr Dmetriuc: The Americans are yelling foul because of our GRIP program. We have had the countervail issues on red meats. We have been advising the government to take a reasonable position at GATT and we support the position it is taking. We also think there has to be some type of internal financial support programs within countries. There has to be a value on raw products. We talk about a cheap food policy—it is not a cheap food policy; shelf prices do not reflect a cheap food policy. What we have is a cheap commodity policy. That is going to take a lot of political will.

A couple of years ago I said to Mr Mazankowski, just sort of tongue-in-cheek, "Why don't you announce an export enhancement program?" He said, "I don't have any money." I said: "It doesn't make any difference. Just say,

'If you don't clean up the rules, we are going to do the same thing.'" That is exactly what Mr Mazankowski has had to say, not publicly, but—

Mr Waters: You referred to a cheap commodity policy, not a cheap food policy. With what we are dealing with here in section 123, the crisis in the farm community right now, I have asked of other people and I will ask of you, how do we assist the farm community in such a way that we know the farm community is going to benefit and not someone else within the food chain before it gets to the final retail situation?

Mr Dmetriuc: Whatever programs are targeted, they have to be targeted to the primary producer first of all. They have to be targeted in such a way that this money goes to them and allows them to make the decisions. I was involved in the development of the GRIP and NISA programs and I want to make a comment about them. GRIP, for example, is designed in such a way that producers should not milk the system. NISA is just a straight top-up on your net income.

We as producers, as we indicated in the brief, are already subsidizing the food chain. We have reduced the price of wheat in the domestic market. We have done it to keep our domestic market. We could in fact have a reversal in prices. The reason for the two-price wheat act was not to give producers a lot of money; it was to put a cap on how much producers could sell their wheat for or how much the Canadian consumer would have to pay for it. That is what the two-price wheat act was. As soon as the benefits reversed, there were some politicians who jumped on it and said, "Hey, that is unfair. You should be selling domestically for the same price as world trade is."

I guess that is the job of politicians, to make policy. But when it is done deliberately to hurt the economics of the wheat producer and no compensation and no programs are put in place to replace it, then that is wrong. We have said this publicly. We have said this to the federal government. But as to that decision that was made, they were just hellbent that they were going to do it, no matter what arguments we had.

The Chair: Thank you very much to you and your colleagues for taking the time to come here this afternoon, for the preparation of your comments and for your response to these questions. Our report will be prepared and hopefully you will get it, if not before anybody else does, at least as soon as everybody else does. It is not a promise, because it is one that could conceivably be broken, but we will do our very best.

ONTARIO SOYBEAN GROWERS' MARKETING BOARD

The Chair: We have the Ontario Soybean Growers' Marketing Board. I said it wrong; it is "soyabean."

Mr Allison: It is "soybean." You said it right first.

The Chair: Down where I come from, it is still called "soyabean."

Please tell us who you are and then proceed with your presentation, trying to reserve at least half the time for some conversation and some dialogue. Mr Waters pointed

out earlier that the reason for the traffic in and out is that there is a debate going on in the assembly this afternoon on similar and identical topics. It is not out of rudeness or disinterest, but people want to participate in that debate as well as listen to the presentations. Those who are not here of course will read the transcripts. Please go ahead.

Mr Allison: My name is Bill Allison. I am a farmer director with the Ontario Soybean Growers' Marketing Board. I will get Fred to introduce the soybean marketing board and I will follow up with some comments about the situation.

Mr Brandenburg: My name is Fred Brandenburg and I am on the staff of the soybean board. We thought we would start off with maybe a little bit of background on the soybean industry. Soybeans are kind of an invisible crop. Even though they are the second-largest crop in Ontario, the third-highest-value field crop and the third-largest-acreage crop in Ontario, after corn and hay, a lot of people are not that familiar with them. But this past year, right now, we are in the process of harvesting 1.36 million acres of soybeans, which is about 16% of the acreage planted with field crops. We are estimating the farm value this year to be about \$270 million.

On our board, just as on all the other marketing boards, all the directors are farmers who are elected annually, but our powers are quite different from a lot of the other boards. Unlike the wheat board, which you just spoke to, we do not actually control the crop and sell it ourselves. Our powers are limited to negotiating what we call the terms and conditions of sale of soybeans, which includes a formula as to how the minimum price is calculated and some of the maximum charges that the elevators are able to charge. We do not actually buy or sell. We have no price-setting powers and no production control powers.

We are financed by a licence fee which is directly deducted from the producers when they sell their soybeans. As well as our negotiating powers, we also license the buyers who can buy from the producers. We support research at agricultural colleges, at the University of Guelph and at some of the federal research stations. We administer the federal advance payments program. We also have a toll-free price information service for our producers. They can phone in at any time of the day or night and find out what the price is. We also collect data on all the sales and the average price.

As far as our market structure is concerned, as I mentioned, we do not buy or sell anything. The farmer sells directly to his country elevator—we call them dealers—and that dealer could either resell to a domestic processor or into the export market. Maybe they are involved in the seed business. That negotiated agreement we have does have a minimum-price formula, but it is based on prices in the export markets. It is really a bottom-line price. The price is directly in competition with the price of US soybeans based in Toledo, Ohio, which is the closest export point to southwestern Ontario.

1710

Maybe I should have mentioned that even though they are grown across Ontario, about 70% of all the soybeans

grown are grown in the five counties in southwestern Ontario, so it is quite concentrated in that part of the province.

It was only in 1985 actually that we became self-sufficient in soybeans. Before that time we relied quite a bit on US soybeans coming in to meet the processors' needs. That is reducing, but soybeans are traded freely between Canada and the United States. There are no tariffs, no trade restrictions. You can just take a truck across the border with very little trouble. There have been some tariffs on soybean products through the free trade agreement. Those will be all eliminated by 1995. Most of them will be gone at the end of this year.

Right now we are self-sufficient; 85% of our soybeans are used in Ontario. We did have three large soybean processors or crushers until this past spring when Victory Soya Mills closed down. They were right down on the waterfront here. We still have two plants, one in Hamilton and one in Windsor. They take the beans, crush them and take the oil, which goes into food products mostly and also some industrial products like printing ink. The other part of the bean is very high in protein and mostly is used as a livestock feed supplement.

You might have heard of products like tofu and soybean drink. They are relatively small in Canada. It is a very small part of the market. We do export a lot of very high-quality soybeans for food purposes to countries in the Far East like Japan, Hong Kong, Malaysia and Singapore, so we do have quite a good reputation for quality. Our main competition in Canada is canola. It is also grown for the oil and the protein.

Now to the price situation. Because we are a net exporter of canola and soybeans, all our prices are based on export markets. As you have already heard, those prices have been really hammered and have kept going down over the last few years with the European Community program, the common agricultural policy. They have gone from being the world's largest importer of soybeans in the mid-1980s to a surplus producer of oilseeds. Of course the US, in response to that, has come out very strongly with its export enhancement program and the price of soybeans just keeps going down. Historically, we now are at the lowest level ever when you look at inflation-adjusted dollars, but at the same time, the cost to the producers keeps going up.

We have graph 1, between pages 3 and 4. The grey is the average price to the producer, going back to 1976. The black is the net support level, so that is looking at our federal and provincial government programs. It shows what kind of support has been provided. You can see, going back to 1976, the support level now is not much higher than it was back then; in fact, it has been declining since about 1984. Estimated cash costs are strictly the farmer's out-of-pocket costs. That does not include anything for the farmer's own labour. That is strictly out-of-pocket money for seed, fuel, fertilizers and land rent, that sort of thing.

Our current programs are all based on five-year averages. The support is based on what the prices have been over the past five years, and except for the drought year of

1988, we have had the last five or six years of low prices, followed by lower prices. I guess the bottom line is we feel that Ontario is a competitive producer. We have the right soils and climate to produce soybeans. We do not have a problem there. We have the technology. Our problem is that we cannot compete against the treasuries of the European Community and the United States unless we have similar support from our own governments. I want to turn it back over to Bill now.

Mr Allison: In response to the inadequacy of these current farm income support programs, the federal and provincial governments developed two new income support programs for the producers of oilseeds, grains and other commodities. These programs—GRIP, the gross revenue insurance plan, and NISA, the net income stabilization account—will not become fully effective until the next marketing year.

Producers in the 1990-91 crop year have fallen through cracks between old programs—which, as Fred has acknowledged, are not very adequate—and have lost their support, and the new programs, which will not come into effect until next year. Waiting for an improved program next year is doing nothing to help a large number of farm families in a desperate income situation in 1991. Creditors are expecting payments for 1991 cropping expenses. Taxes and payments to the Farm Credit Corp are due this fall. Without immediate help, thousands of Ontario farmers either will not be able to stay in business until next year or they will be in such poor financial shape that even the new support programs will not be enough to keep them in business much longer.

Action is needed. Agriculture ministers from across Canada met in Regina last March and made a commitment that “transitional assistance provided in 1991 as a bridge to new safety nets will be directed at providing a transition from income levels attained during the pre-GRIP/NISA period based on those expected with GRIP/NISA.”

Calculations made by Ontario farm groups using government data show that the total income for soybeans, corn and winter wheat in the 1990-91 crop year will be at least—and this number has been quoted to you before—\$124 million below the level that would have been achieved if GRIP and NISA had been in place. This calculation does not include the income losses suffered by other crops in Ontario. Soybean growers alone would have received an extra \$33 million in government support if the GRIP and NISA programs had both been in place for the 1990-91 crop year.

Ontario farm groups have recommended several actions which must be taken by governments to address this problem. We are asking the federal government to implement a number of measures, including increased benefits under the Agricultural Stabilization Act program for the 1990-91 crop year, which will be the last year of that program before it is replaced by GRIP. We are also seeking an increase in payments through the first year of the NISA program.

Because agriculture is a shared jurisdiction, the provincial government must take a comparable role in the support of agriculture. The Ontario government has been

asked to support the NISA program this year by providing its share of contributions, and also to increase payments under the Ontario farm income stabilization program for the final 1990-91 crop year.

On September 17, 1991, Ontario's Minister of Agriculture and Food announced an interim payment under the 1991-92 GRIP program for grain and oilseeds. While this announcement of an early payment is appreciated, it must be very clear that this is assistance for the crop that is just being harvested and is not the solution to the problem of low prices and support for the 1990-91 crop year. Through the early payment, we are also concerned that we are only mortgaging tomorrow and may threaten the integrity of the GRIP program. Additional assistance for the 1990-91 crop must be provided.

To conclude, after several years of low commodity prices and declining government support, Ontario soybean growers and the producers of other grains and oilseeds are in a desperate financial situation. This desperate state in the rural community has hit the headlines this month with news that a number of farmers in Essex and Kent have recently applied for welfare and three farmers in Lambton county committed suicide within a one-week period.

Unless action is taken by governments immediately, many family farms across Ontario will not survive. Along with the loss of those farmers will be the loss of jobs in the entire agri-food industry, from the farm gate to the dinner table, including transportation, processing, packaging and marketing, followed closely by a rapid increase in the imports of foreign-grown and foreign-processed foods.

I end with a question: Can the Ontario government afford to let these value added jobs and the future of Ontario agriculture disappear? I thank you for your attention.

Mr Arnott: Thank you very much, gentlemen, for your fine presentation. I think you laid it out in a very logical manner. It was very enlightening. Generally speaking, are most soybean growers strictly cash croppers, or are they a little more diversified than that in Ontario?

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Mr Allison: As a general statement, I do not like to generalize like that. I am a soybean grower myself, but I also produce a few beef cattle and I rotate with other crops such as winter wheat, corn, white beans, etc. Generally, in the most affected areas of the southwest, they are mainly a cash crop.

Mr Arnott: On page 3 of your brief, you say, “Our soybean growers are efficient and progressive, but they cannot compete against the treasuries of the European Community and the United States without comparable support from our governments.” That is something that has always disturbed me. I often hear the statement that we cannot compete with the treasuries of the Europeans and the Americans. I think we can.

I think we are a very wealthy country, if you look at the amount of money that is flowing into the government. Certainly the Americans have a lot of the same problems as we have. I think we should be able to compete with their treasuries if we are going to continue to keep our farmers in

place until we can see some years of positive prices ahead. Would you comment on that?

Mr Allison: That is a very good observation. I thought that way a lot too. When we talk to other governments and present them with that type of idea, they look at us and say, "Look at the amount of exports that, as a total picture, as a percentage, we would have to subsidize to be competitive with the other exporting countries, as a percentage of their total population base."

That is where we fall back. But one thing that I key in on is, do we have the commitment that the other countries seemingly do? Maybe we do not have the population base, but what I do not see is the commitment to the farming sector that they have, especially in the EC and the US. Your question can enlighten a lot of people, but if you focus in on commitment as well as what they can do, that is just as much the key to me.

Mr Arnott: A commitment to making agricultural concerns a priority. I agree with you.

Mr Jordan: In your conclusion, you have drawn our attention to the drastic circumstances in Lambton county. No doubt there was financial pressure that was being brought to bear on the individuals involved. Was that through the local banks? Who pressures people to that stage?

Mr Brandenburg: I do not think we can really comment. We do not really know each individual situation. It is just that we are aware that three people did commit suicide. One of the directors of our soybean board I think went to two of those funerals, but he really did not give us the details on where that direct pressure was coming from. Certainly it is a very desperate situation right now in the farm community.

One lady I talked to last week said: "We have cashed in our RRSPs. What do we do next? We have been farming for 25 years." They just do not know where to turn next. They are in that desperate a situation. They are asking for some advice on marketing. We try to help them out as much as possible, but it is pretty limited as to what we can do.

Mr Jordan: Are they allowed to sever a piece of land or something to market it to carry them over?

Mr Brandenburg: That depends on which part of the province you are in. The situation is different in different areas. Right now, I do not think there is very much farm land being traded, actually, unless you are selling off a 25-acre piece to someone who works in the city. As far as selling it to another farmer is concerned, that market is not very liquid right now.

Mr Klopp: Thank you for coming today. It has been interesting. Two points: One is, we consume about 85% of our soybeans in Ontario. One of the other farm groups came in the other day and requested that somebody do an audit on just how many beans are coming in at certain times. As a farmer, I know a number of years ago there was always a story going around, "The price should go up at the local elevator, but there are just enough beans coming across that they do not force us to put the price up another 10 or 20 cents." Are you people promoting the

idea that we should just do an inventory of how beans come in and when they come in? I realize there is free trade and all that, but I am just trying to see if we can keep the honest honest. Are you in favour of that idea?

Mr Brandenburg: We know what comes in. We do not know exactly where it is going, but we have only two processors now in Ontario, so it is not too hard to figure it out.

Mr Klopp: Even at the local elevator?

Mr Brandenburg: Yes, even talking to the two processors. Central Soya, which closed down the Victory plant here, did not import any US soybeans over the past crop year. The other plant is right on the border with Detroit and it does bring in soybeans as it requires them. But we have not really advocated any restrictions on the border.

Mr Klopp: Not restrictions; just to kind of date them or follow the loads, or whatever.

Mr Brandenburg: That information is available, as to the totals that come in every month and also the total stocks in the elevators. That is tracked by OMAF.

Mr Klopp: You said we cannot compete with other countries and their subsidies. A couple of years ago a situation came up—and it hit me very personally because I have tried to follow the markets a little bit, and you mention how you are trying to teach people better marketing—with the Chicago Board of Trade where supposedly Central Soya was told to sell some product, and that forced the price to go down when it should have gone the other way. In fact, I guess it is even in court in the United States. There are farmers there pursuing that. Whatever happens, happens. Do you think that situation is true, or is this whole thing just a fabrication?

Mr Brandenburg: That is true. There is a farm group which has taken the Chicago Board of Trade to court, but just recently those charges were all kicked out of court by the judge. I think the Chicago Board of Trade took some extreme action because of one company it thought was trying to corner the market, so to speak. It is similar to what happened to the Hunt brothers in the silver markets back in the early 1980s. As farm representatives, we do not like it because that action pushed the price down. But if someone was trying to push the market the other way and doing it unfairly, we likely would have appreciated the board of trade taking action to bring him back in following the rules.

Mr Huget: I noticed in your brief that the tariffs on soybean products—I assume that means processed soybeans—will be removed in 1995. What impact do you think that is going to have on growers here in Canada? Is it going to have any impact at all in terms of it being easier to import the processed soybeans and locating a growing industry, if you like, as well as a processing industry in the United States?

Mr Brandenburg: Actually, we are hoping that once the tariffs are off completely it will improve our market situation, because the big problem in the oilseed industry in Canada has been the surplus of canola oil and soybean

oil. We have a finite market in Canada. You can only use so much. We have a very large market for the other part of the bean and the canola, which is for protein for livestock feed, so our expectation is that with opening up that market we will be able to export more canola oil and soybean oil to the US. Their prices for oils have actually been above the Canadian levels for the last number of years because they do not have as much of a surplus. We are hoping it will get away from the canola-versus-soybean, east-west problem in Canada and start moving a little bit more north-south.

Mr Hugert: You do not see any of the reverse giving you a problem.

Mr Brandenburg: Right now, with our prices for oils being lower, it is not likely that much will come this way. If anything, it will bring us up.

Mr Cleary: Gentlemen, I think you laid the problem right on the line. I just would like your comments on something. You say in your brief, "Creditors are expecting payment for the 1991 cropping expenses.... Without immediate help, thousands of Ontario farmers will not be able to stay in business until next year." We had the Canadian Bankers Association in here last week telling us it does not see much of a difference in collecting its loans from other years. I would just like your comments.

Mr Allison: As a person in that situation, I just cannot understand how the bankers could make that statement because, as the people before, the Ontario Wheat Producers' Marketing Board, have said, we are at about half the crop and about half the price. I rely on my own personal cash flow from that crop, and this year it is not there. Now we are harvesting a crop with historically low prices and we are waiting for a safety-net program that we have negotiated to come on stream. We are going to get an interim payment in November, which will be a little bit more than our premium. Where is this cash flow coming from that these bankers are talking about? That would be my response.

1730

Mr Brandenburg: The soybean board administers the advance payments program for soybeans, which is a federal government program. It is an interest-free loan you can get if you do not sell your soybeans in the fall but carry them, waiting for a better market.

Over the years we have been seeing more and more applicants who are not dealing with the bank, because either they do not want to or the bank just will not lend them any more money. There may be more of an increase in the credit union area, but we had \$30 million go out last year under our program. People were desperate for the money. Maybe the banks have reduced that problem themselves by not financing as many people.

The Chair: Thank you, gentlemen. We appreciate your time in coming here and in preparing your comments. I think the whole committee would agree that you have made a valuable contribution. When the report is prepared, I am confident you will get a copy of it promptly. Have good trips back home.

ORLAND GINGERICH

The Chair: I have a submission now from the Mennonite Central Committee. Welcome, sir. Please tell us who you are and what you want to tell us, and try to leave us some time so that we can ask you some questions.

Mr Gingerich: I will do my best. I am Orland Gingerich from Kitchener. You have before you a brief outline. Unfortunately, I only received this invitation at the end of last week and did not have time to write out a brief, nor did I have time to ask committee members to accompany me today. My comments on paper should not be understood as an official statement representing the Mennonite church or the agricultural concerns committee, of which I am a staff person. However, the ACC has been involved in the farm scene in southern Ontario for the last 15 years, which has given us some firsthand knowledge of what has been happening. Since I have not had time to write my presentation in full or check it with my committee, I must assume full personal responsibility for the opinions expressed below.

Although our Mennonite constituency is primarily located in southwestern and central Ontario, it does represent a fairly diverse type of agriculture and/or horticulture. Consequently, it is impossible to make broad statements on the crisis and its effects. I will attempt to recognize some of these differences as we go along, although I am confident you are all aware of this fact.

As I see it, the crisis in agriculture centres around economics and social factors. My comments will centre around these aspects of the crisis.

First, farm commodity prices have not kept up with inflation. This was recognized by Mr Cleary's motion, of which I have a copy, particularly on the oilseeds and grain sector, but I think that statement holds true for almost every part of the farm commodity situation. In fact, one of the members of our committee indicated recently—and he did not give me any specifics—that some of the commodity prices today, taking inflation into consideration, are as low as or lower than in the 1930s.

The second point I make here is that farm input costs have increased substantially over the same period, and those two factors of course aggravate one another—the fact that commodity prices have not kept up with inflation and the fact that the input costs of farmers have increased substantially.

Third, part of the blame for the crisis is the emphasis on production agriculture, with its high input costs. It is said that farmers are their own worst enemies. They produce too much, consequently prices drop and so they suffer. There is an increased emphasis, I would say, on alternative types of agriculture. I happen to be on a committee which works with the University of Guelph in this area. We are encouraged by the fact that especially the new dean of the agriculture college in Guelph has indicated that institution shall no longer be known as having a production agriculture emphasis, which it has had in the past and which I think is part of our problem.

Fourth, farmers' capital equipment costs are out of proportion to the financial returns. Recently, in the Kitchener-Waterloo Record, it was reported that our local civic

administration has some equipment it would like to install to save electricity, but the cost of installing the equipment is too high. They have a policy that they must receive the full returns on their investment in five years. That might be fine for a city, but for farmers, that is simply completely out of line.

I refer here also to quota costs, and I may refer to that later. Part of farmers' capital equipment nowadays—I am thinking now of those who are under marketing boards and have quota systems—is that one pays almost double, not only for land but for, say, dairy cattle or chickens or whatever it is to get into the business, to say nothing of equipment, housing, farm equipment and other costs.

In some areas this is acute; in the Niagara area, for instance. I should say our committee has represented members from the Niagara area, from southwestern Ontario, from north of the city here and from central Ontario. You are aware, I suppose, along with some of the MPPs from that area in particular, of some of the problems in the Niagara area, where land is so expensive that it is impractical to farm. Young people are not going into farming, simply because they cannot finance it.

Fifth, farm crises may be the result of vagaries of the weather. That has already been referred to today. Down in the Leamington-Windsor area in particular, they have been hit with very bad weather. There are other places and other areas, the Grey-Bruce area for instance, where agriculture is not so much a mixed farming or special-produce part of the country as southern Ontario. They have problems that perhaps central Ontario does not have.

Let me say a few words about social crisis. Economic crisis invariably affects other aspects of the economy, which in turn affects people, leading to unemployment and increased welfare costs, to say nothing about concepts of self-worth and family relationships. A classic example, of course, is the city of Brantford, which has almost become a ghost town since Massey-Ferguson pulled out of there. Many other smaller communities have lost industries. I am thinking of a small town in Perth county, for instance, which lost one of its main industries and is scrambling to find other ways to improve its economic base.

It has also been referred to that in some areas, due to the social crisis, there are suicides, there is drug addiction, there are other social factors which are a detriment to the province. The latest figures indicate that over 30% of farm women are in off-farm jobs, and in some cases husbands as well, all of which tends to put a strain on family relationships.

I have before me a document produced by Guelph University called Sustainable Rural Communities, which I received very recently. They are now creating a program to study the rural community and various aspects of it to see what can be done to help facilitate and maintain our rural communities. Let me just make a brief reference to a bit of their document here.

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There are a few statements that I think are very pertinent for this occasion. One is that agriculture no longer the major source of rural income. Another one is branch-plant industrial development in which key decision-making is not community-based, that is, many companies have

pulled out of small towns and the surrounding countryside and have concentrated their efforts in big places like Toronto or other places and consequently rural communities have been suffering. There is industry relocation and shutdowns. The last one I wanted to indicate is that chronic low returns in many sectors of agriculture necessitate off-farm employment among those remaining on the farm. You have heard enough about that, I assume.

Simply moving on, rural communities often suffer, including small towns. I refer to that because of ever-fewer farmers and sometimes because of urbanites moving into rural communities. Again, the study that Guelph is proposing recognizes some of these circumstances and they are hoping to create courses at the university and also initiate research programs to help determine how these matters can be remedied.

High startup costs of modern farming are preventing young people from getting into farming. As I am sure you are aware, and as everyone knows, there are the high startup costs I referred to previously, part of which, of course, are due to land, although prices of farm land are down from a number of years back, but equipment and other inputs on the farm have made it almost impossible for young people to begin farming unless they have a farm given to them. Even that has problems connected with it, especially if a farmer has more than one son or a few members in the family.

Our individualistic, high-tech, self-sufficient type of farming has tended towards higher costs and less concept of farm community. In that respect we have been working as a committee to try to encourage farmers to form farm support groups and, as well, to try to form perhaps more co-ops in using farm machinery to reduce farmers' costs in order to help them to survive.

Towards solutions: Admittedly, outlining the problems is essential. The more difficult part is finding solutions. There is no doubt a place for government to hand out funds in emergency situations, but that is not a long-term solution to the farm crisis. I think we will agree that until we find some more long-term solutions, we will be going from one crisis to the next.

Good farm legislation, whatever that might look like, would certainly contribute to healthy agriculture. We especially, as Mennonites, have been rather apolitical, and so we have no experience in political matters and feel that perhaps we do not have that much of a contribution to make in this area, but we are aware that legislation and the tack that government takes on matters of agriculture do affect agriculture.

While in the past we have been told that farmers must be competitive, we believe co-operation would be a better approach, not only provincially but also nationally and internationally. Emphasis on competition and free trade is a euphemism for, "Those who got get." I say it with a bit of a smirk perhaps, but I think it is too often quite true.

We are obviously in a time of rather dramatic change as far as agriculture is concerned. Farmers themselves will have to work out their own salvation in most cases and practise a more sustainable agriculture. Recently in a farm

magazine on agriculture, a statement was made that GRIP ought to stand for getting rid of inefficient practices.

The Chair: I was hoping you were not going to say "politicians."

Mr Gingerich: I suggest that to a large degree there is a lot of truth in that statement simply because some of our old-order Mennonite people, as you know, still do a lot of farming with horses. They have a very mixed operation. They are very self-sufficient and do not get government funds of any kind, and they are probably hurting less than anybody else in this province. However, as indicated above, appropriate farm legislation and a greater understanding and co-operation of all of society is essential. Otherwise we all eventually suffer the consequences.

I would like to read again a brief quote from this document from the university. The title of this chapter is "Background: Global Restructuring and the Rural Resource Base."

"In the developed and developing worlds, the notion 'rural' embraces both the human and natural resource base for agricultural production and country life. It contains other primary renewable and non-renewable resources essential for most industrial production, and also irreplaceable and diminishing natural areas and habitat. These basic 'ruralities' are, at present, little valued within a global socioeconomic perspective in which measures of progress and development do not account for waste and loss of social and natural environments. Loss of cultural identity and a sense of community are part of these unmeasured and immeasurable changes."

In conclusion, let me express my appreciation for the privilege of addressing the farm crisis situation. We admire your efforts in attempting to wrestle with problems facing one of Canada's largest industries. We wish you well.

The Chair: Thank you, sir. We are going to have to compress the time for questions because there may well be a vote announced in the House. We will start with Mr Klopp, please.

Mr Klopp: It is not really a question. I think you have done a great job of actually summarizing what a lot of farm groups have talked about, which I think is very good. Over the years I have been involved in lobbying governments and fellow farmers, arguing with farmers; some of them were even good Mennonite farmers. I think it crosses all lines—political stripe, religious stripe. We all like to get the maximum out of it. I like to think I do not beat my neighbour over the head and get on top of him, but there are times when I probably have. I think you also have done a good job of summarizing what a lot of the farm groups have said. I think that is a good thing. The government feels this has a lot of truth in it, and I appreciate your comments.

Mr Cleary: Thank you for your presentation. I have been in some of your communities on occasion. I know the way you operate your farms is somewhat different. There is something I have wondered about for a long time on financing. Do you deal internally or do you deal through a bank or a credit union?

Mr Gingerich: That varies. Our old-order groups pretty much deal internally, although some are involved with a Mennonite credit union which also operates on behalf of farmers and gives loans and mortgages to farmers and this type of thing.

Mr Arnott: Thank you, Mr Gingerich, for your presentation. As the member for Huron mentioned, I think you did an excellent job of compressing the basic issues into two pages, and that is some doing.

I want to ask you about the report you mentioned from the University of Guelph called Sustainable Rural Communities. I have not seen it and I would like to hear your assessment of some of the things it includes.

Mr Gingerich: As I said, I received it this last week and I just went through it yesterday and today. I am fairly impressed with what they are attempting to do, and hopefully they will do. With government regulations, with farmers' and others' co-operation, we can make a dent in the farm situation.

Mr Arnott: Are there any recommendations in that report for government action?

Mr Gingerich: I am not certain that there are any recommendations for government action. They have issued this document and are asking for responses to it. They have recommendations in it—it is a five-year plan—what it will cost and this type of thing. I am not sure whether they know where the money is coming from or not.

Mr Duignan: Thank you for coming along and making an excellent presentation. I could not agree with you more on your point 3 of "Towards Solutions," that we must work together more, on both the national and international levels. Surely to goodness, if we are co-operating on getting rid of mass-destruction nuclear weapons in this world, instead of having a trade war between us, we can co-operate together on having a fair price for the consumer, for the farmer and absolutely having enough food available to feed the Third World.

Mr Cleary: Just back to financing, your credit union is internal and just for use by the people in your community.

Mr Gingerich: Yes, that is right.

Mr Jordan: I also thank you for your excellent report. Under "Towards Solutions," item 5, you mention that we are in a dramatic change and farmers themselves will have to work out their own solutions. Would you elaborate?

Mr Gingerich: I also have some friends in industry and so on who have told me that over the years—it is not only lately, but earlier. Just the other week a gentleman who is in business told me they have had a bad two years. They have really had to tighten their belts. He said he was not aware that they could be so much more efficient as they have had to become. I think that is also partly true for farmers. What we are encouraging from our end is that farmers simply have to try to cut their costs, use more sustainable agriculture, use less inputs, share machinery, any number of possible ways in which I think farmers could cut their costs to be more efficient.

Mr Jordan: Do you think our food costs are low in Canada?

Mr Gingerich: Obviously our food costs in Canada are low—in North America, if you please—compared to many other countries. One of the food problems of course is distribution, but the main food problem as I see it is simply people lacking finances to buy food. There is lots of food in our world but people lack—sincerely. I was at a meeting in the city two weeks ago sponsored by the Toronto food council. We seek to work with farmers and city

people more closely. There are 100,000 people in Toronto who use food banks.

The Chair: Sir, on behalf of the committee, thanks for your interest and your participation. I want to try to make sure you get a copy of the report. Again, on behalf of everybody here, thank you very much and have a good, safe trip home.

The committee adjourned at 1754.

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Under the new system, the sequence of numbering started in January 1991 will end with the final House and committee sittings of the present First Session. A new sequence will begin on the opening day of the Second Session, and each succeeding session, which will be issue 1 and begin with page 1. Committee reports likewise will be numbered from the first sitting of each committee in a parliamentary session.

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Avec le nouveau système, la numérotation commencée en janvier 1991 s'arrêtera à la dernière séance de la Chambre et des comités de l'actuelle première session. Une nouvelle série commencera le jour de l'ouverture de la deuxième session et des sessions suivantes : numéro 1, page 1. Les rapports des comités seront également numérotés à partir de la première séance de chaque comité pour une session parlementaire donnée.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday 2 October 1991

The committee met at 1540 in committee room 1.

AGRICULTURE FUNDING

Resuming consideration of the designated matter, pursuant to standing order 123, related to the state of emergency and income crunch in Ontario agriculture.

The Chair: We are going to commence hearing from people this afternoon.

I want to make reference at the onset to the subject matter of this section 123 process. That is the motion brought by Mr Cleary, which stated in part, "That in consideration of the state of emergency and the income crunch in Ontario agriculture, especially in the oil and grain seed sector, caused in part by the 35% drop in cash crop commodity prices, the Liberal members of the standing committee on resources development request an emergency debate and hearings." This hearing process is what we are engaged in now.

I want to thank people for coming and for their patience in getting this started. Members were delayed in the Legislature.

I also want to note once again for the next consecutive time, knowing that people from the whip's office, among others, astutely follow the transcripts of these proceedings—I suspect for a variety of reasons, one of them being to see what kind of comments I am going to make about the government position on any number of issues—

Mr Villeneuve: Are they still watching you, Peter?

The Chair: They watch closely, but God bless them for paying attention. If they are paying attention, they will note that I have remarked every time we have met during this 123 process that it is abominable the produce which is being provided for refreshments. I am speaking of coffee, tea and milk and juices that are here at the side table. People should feel at home in terms of having a coffee or a juice. I have a whole lot of juice fruit farmers down in the Niagara Peninsula, as there are in the other parts of the province and the country, but we do not have any orange groves. If Queen's Park cannot, by example, make a point of serving Ontario produce, and quite frankly Ontario produce only, at its functions, including its committee meetings, then we are not setting a very good example.

Notwithstanding that I have said that emphatically when people from the Ministry of Agriculture and Food have been here, perhaps now the whip's office will exercise its powers to ensure that the refreshments served at committees and everywhere else in this building are made in Ontario, grown in Ontario, processed in Ontario. It is that difficulty in getting people to buy Ontario produce that is also, in some small part, responsible for the dilemma that farmers in this province face.

Mr Hayes: On a point of information for the Chairman's benefit, I agree with him 100% about the Ontario produce and juice and what have you, but if he will notice,

we have just Ontario products over here right now, except for the coffee of course.

The Chair: I took the orange juice so that I would have evidence.

Mr Hayes: You took that? Why, you pulled a quickie on me.

The Chair: I was not going to be caught on this one, Mr Hayes. I would also like some assurance that the apple juice is made from Ontario apples. I am very serious about that.

ONTARIO CORN PRODUCERS' ASSOCIATION

The Chair: The first group to be speaking with us is the Ontario Corn Producers' Association. Gentlemen, thank you very much for coming this afternoon. You have 30 minutes. My comments will not in any way interfere with the 30-minute time period allotted to you folks. Please talk to us. Make sure, please, that you leave perhaps 15 minutes minimum for conversation and questions and dialogue with members of the committee and let us know who you are as you begin your presentation.

Mr Anthony: I am Frank Anthony. I am president of the Ontario Corn Producers' Association. Cliff Leach is past president of the Ontario corn producers. Don LeDrew is general manager of the Ontario corn producers.

Thank you for having us. I have a written brief. I would like to go through that. It will probably take about 10 minutes. After that, we will just throw it open for questions and general discussion. I promise you I will not read too fast. I have been accused of reading too fast.

The 25,000-member Ontario Corn Producers' Association appreciates the opportunity to meet with the Legislature's standing committee on resources development. Corn represents Ontario's largest commercial agricultural crop, being grown on over two million of the province's 8.5 million acres of arable farm land. Corn serves as a vital base for the province's livestock industry as well as the principle feed stock for many food and industrial processing plants. Of the five million tonnes of corn produced on average in Ontario each year, about three million are used for Ontario livestock and poultry, one million tonnes are sold to Quebec and the Atlantic provinces and for export, and one million tonnes are processed industrially within the province.

Corn is present in some form in over one quarter of all the retail items sold in a modern grocery store and also represents a key ingredient in the manufacture of products such as automotive fuel, steel, rubber tires, textiles, adhesives and many other non-food materials. Corn is a mainstay of the Ontario provincial economy.

Financial crisis: Recent years have not been kind to Ontario corn farmers. A trade and subsidy war led by the United States and the European Community has meant a

plunge in grain corn prices for the past half decade. Corn prices have remained well below the cost of production. With the severe cash flow and income deficiencies of the 1990-91 crop year, this has culminated in Ontario corn farmers facing the worst economic conditions in memory.

Corn and other grain and oilseed production in Ontario since 1985 has been dominated by two influences: (1) price depressions caused by an international subsidy and price war and (2) inadequate Canadian statutory support programs to protect domestic farmers from the consequences of these price depressions.

Although the myth persists in some circles that the impact of the international price and subsidy war has been greater for farmers in provinces other than Ontario, the facts speak differently. Grain and oilseed prices have been just as depressed in Ontario as in any other province, and so has the income of farmers dependent on grain and oilseed production as their source of family wellbeing.

Calendar year 1991 is proving to be even more disastrous for Ontario grain and oilseed farmers, corn prices having dropped from values which were already at or near historic lows, measured in real value per tonne, to prices which have been as much as 30% lower. The Ontario cash price for corn is at an all-time low, measured in real, inflation-adjusted currency, and in substantial areas of southern Ontario the 1991 summer drought and hail damage have intensified the misery.

Debt loads continue to mount for thousands of producers, and the search for off-farm employment, rendered even more difficult in a recession-afflicted economy, grows. Retirement reserves and other forms of life savings are cashed in as a desperate attempt to pay crop bills and secure family needs. Municipal taxes go unpaid and participation in debt review hearings grows. Bit by bit, family farms, sometimes those which have been in the family for more than a century, are sold off as a means of staving off formal bankruptcy.

Without immediate help, thousands of Ontario farmers will not remain in business until next year, or are likely to enter the 1991-92 year in such desperate financial condition that future survival is unlikely.

As stated recently by the Ontario Agricultural Commodities Council, "How well would the rest of society function if it had experienced gross income reductions coupled with increased operating costs in the range of one third to two thirds?"

Immediate assistance is required. Even though corn prices are at an all-time low, the 1990-91 federal agricultural stabilization program for corn will provide no payment. This illustrates the inadequacy of the present farm income support programs.

Canadian federal and provincial governments have developed two new complementary income support programs. Unfortunately, these new programs, commonly called the gross revenue insurance plan and the net income stabilization account, will not be fully operational until the next crop marketing year.

In April, the federal government announced the introduction of several new short-term programs and indicated that the purpose was to provide income assistance equivalent to what would have been provided if GRIP and NISA

had been in place for the 1990-91 year. Unfortunately, this assistance does not come close to meeting this objective. Calculations made by Ontario farm groups using government data show that total income for 1990-91 for corn, soybeans and winter wheat will be at least \$124 million lower than what would have been the case if GRIP and NISA had been in place. Approximately \$76 million of this shortfall is attributed to grain corn.

We acknowledge and are appreciative of the interim payments on the 1991-92 revenue insurance program for Ontario grain and oilseed producers announced on September 17. It must be stressed, however, that this constitutes assistance for low 1991-92 crop prices. Assistance for 1991-92 cannot and must not be portrayed as the solution to income problems associated with the previous crop year.

Ontario farm leaders welcomed yesterday's announcement of a \$35.5-million financial assistance package by the Hon Elmer Buchanan. Mr Buchanan's announcement shows that the Ontario government recognizes the serious financial crisis being experienced by farmers. All three political parties deserve a thank you for supporting the request of farm leaders for emergency assistance. OCPA sincerely appreciates this financial support in answer to grain and oilseed producers' requests. Specifically, the \$15-million top-up to the Agricultural Stabilization Act addresses our request to waive the premium-equivalent deduction on 1990-91 payments under the Ontario farm income stabilization program.

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Two other actions that would help address the crisis include:

1. Provide a 1% contribution to the NISA program for Ontario crop producers for the 1990 taxation year. The 1% contribution will automatically trigger another one-half per cent in federal NISA—net income stabilization account—contributions for Ontario farmers. This would give farmers access to about \$26 million in badly needed provincial assistance and also an additional \$8 million in federal funds.

2. Modify the floating price option under the 1991 crop insurance program for grain and oilseed producers. There are details at the back of our handout that we can delve into during the question period.

Agriculture credit: Special attention must be given to agricultural credit, recognizing the particular difficulty experienced by many corn producers in securing financing in the spring of 1991. This situation will worsen in 1992 unless this problem is addressed. Most farmers are operating with lines of credit much reduced from previous years and many have no line of credit at all.

In order to address these concerns, OCPA is working with representatives of the Ontario Agricultural Commodities Council, the Ontario Federation of Agriculture and the Ontario Ministry of Agriculture and Food to develop a crop insurance and GRIP-based loan program. We ask for your support in implementing this program quickly.

Regarding the future of Ontario corn production, the financial crisis must be addressed in order to secure a viable Ontario corn industry. For the long term, Ontario corn producers have pursued and will continue to pursue many initiatives to improve the industry's viability. For your reference,

we have attached a background summary of corn production information and OCPA activities.

One key area we wish to highlight is intensive market development efforts for fuel ethanol, a renewable, non-polluting octane enhancer made from corn which can be used to replace environmentally undesirable compounds now being used for octane enhancement in Canadian gasoline. Ethanol's addition could also be used to reduce atmospheric concentrations of carbon monoxide, a particular health hazard in central Toronto, and carbon dioxide, a global concern related to the greenhouse effect. Ethanol also has a positive net energy balance. For example, each litre of ethanol contains two to four times more energy than is required for all related crop production and ethanol manufacturing activities.

One job in five in Ontario depends on food and farming, and governments must not let these value added jobs nor the future of Ontario farmers disappear.

We respectfully submit this brief on behalf of the corn producers of Ontario. There are a lot of footnotes at the back for information purposes. With that, Mr Chairman, we throw it open for questions.

The Chair: Extremely well put. There are seven minutes for each caucus; lots of time for questions.

Mr Villeneuve: Gentlemen, thank you for your very thorough presentation.

First of all, your very first request, the bottom of page 4, was that the government of Ontario provide a 1% contribution to NISA. The strange thing is, we had an opposition day on Monday and that was our motion. Strangely, the members of this government will probably tell us that they support you, yet they did not support the motion. I find it difficult as to which direction they are going right now. The OFA strongly endorsed it, I know you people endorse it, and it would indeed catch a situation whereby our farmers have fallen through the cracks in 1990-91, before NISA and GRIP came into it.

The government of Ontario gladly took the \$4-million federal contribution, put it into the general revenue and came back with the \$35.5-million announcement yesterday, which was appreciated, as you have alluded to. However, could you explain to us what the 1% NISA participation would mean in dollars to Ontario farmers?

Mr Anthony: When you look at the value of Ontario grain and oilseed crops, 1% amounts to \$16 million provincially.

Mr Villeneuve: That would be \$16 million that the government of Ontario would not have to pull out of its particular coffers. It would be money coming from the federal level.

Mr Anthony: No. They would have to take \$16 million out of the provincial coffers.

Mr Villeneuve: What would it mean to Ontario farmers?

Mr Anthony: It would mean \$16 million from the province and then it would trigger another 0.5% from the federal government, which would be an additional \$8 million.

Mr Villeneuve: So there would be an additional \$24 million here, over and above the \$35.5 million that was announced yesterday.

Mr Anthony: That is correct.

Mr Villeneuve: Okay, that clarifies that.

A sugar policy: We have heard a lot about Ontario and Canada not having a sugar policy. Ontario corn has now become a very important element in liquid sweeteners. Could you comment on that to some degree as to where your particular industry sits on a sugar policy?

Mr Anthony: Federally we would like to see a sugar policy in this country. Canada is one of the few countries in the western world that does not have a support value on sugar; it just allows sugar to be dumped. If there is sugar in the world, it can come in here without any tariffs on it. If you look at the US sugar policy, I believe the support value of sugar is someplace in the mid-teens in cents per pound. There is no support here in Canada. We are fortunate that a lot of our industrial usage for corn does get exported to the United States. Companies like Casco and St Lawrence, when they were in business, were putting product in there.

But we would like to see a sugar policy here. I think it would be a federal initiative to have it done, but we would like to have it.

Mr Villeneuve: But Ontario is the province that would probably benefit, Ontario corn producers, because indeed Ontario corn is the primary ingredient in the sweetener trade in Canada.

Mr Anthony: The two segments of the agricultural economy that would benefit would be corn here in Ontario and certainly the sugar beet industry. It is struggling in Alberta and non-existent in Manitoba. There used to be a sugar beet industry in southwestern Ontario.

Mr Villeneuve: Finally, ethanol. I have been a strong supporter of the production of ethanol. I think you are aware that two million bushels of corn go into the production of ethanol every day in the United States. What do you believe the ethanol industry of Ontario—which I believe is coming, and we have some background information—should look like, as the people who are growing the feedstock for that industry?

Mr Anthony: First of all, we would like to see on a provincial and a national basis that all gasoline in Canada contain 10% ethanol. That would be wonderful. Don or Cliff here might comment on the number of bushels that would be involved in it, but it also should be noted that there is more ethanol used in the United States every day than there is total gas consumption in Canada. It is that well accepted down there.

Mr Villeneuve: My question basically revolves around, would you support, say, three large production plants, or would you support 10 smaller production plants? Would you install them in the areas where the livestock could utilize the 28% protein concentrate left over? What are your thoughts on that?

Mr Anthony: These plants are going to have to be efficient. It may end up being that the large plants will be

the most efficient. They probably will be when you look at what happened in the United States.

There are actually three beneficiaries. One is certainly the grain sector, not just corn but—

Mr Villeneuve: No, the environment, I think, is number one.

Mr Anthony: The environment certainly is a beneficiary, and last but not least is the livestock industry. Our livestock industry here in Ontario has been hurting. We have been at a competitive disadvantage to western Canada. If we had that feedstock coming back from those plants, we could build a livestock industry too. What that industry would do is basically take dollars from the urban areas of Ontario and put them back into the rural areas.

Mr Villeneuve: Ethanol is a renewable resource to be the octane enhancer for cleaner-burning fuels, which I strongly support.

Mr Hayes: Just dealing with the NISA program, I think it would be only fair to say for everybody here that the minister did explain to the commodity groups quite clearly last week or the week before how we could not get into NISA right away. I do not think it was anything where we were trying to lead someone down the garden path. We felt there was some immediate money needed and I think we addressed that, and I would like you to respond to that.

Mr Anthony: Certainly the \$15 million that is being saved in the Agricultural Stabilization Act top-up is basically the equivalent of what we would have had with the 1% NISA. It would have been \$16 million.

We are certainly grateful for what we got yesterday, do not get me wrong, but we do have \$124-million worth of hurt. We are going to be looking to the federal government for a big chunk of that, but we are not sure that even that is going to be enough to make up the difference.

1600

Mr Klopp: Do we have any numbers on how much corn would be used in our ethanol position? Do you have just a rough number?

Mr LeDrew: The estimates that have been used have been in a range of 20 to 40 million bushels of corn, which approximates somewhere in the 10%-plus range, also depending on, of course, much the same as Mr Villeneuve indicated, the size of the plants, etc. That is an estimate.

Mr Klopp: Yes, okay. I know the ministry is working on this, not fast enough by any means, but we are working at it. The whole process of the corn industry, and indeed all the commodities for the long term, have to get up in price.

I did not have the number in my hands, so that is why I asked you about the 10%. That hopefully will not hurt the price of corn getting up at the farm gate. What are your feelings on the whole situation of the global prices, and what can we do to get the farm-gate price up so that we do not need safety nets but we actually have a plank there to stand on?

Mr Anthony: If you look at the number of supplies, coarse grains or corn, in the world right now, we are basically at the same level as we were during 1971-72, with about a 14 days' supply.

If you go back in history and look at the prices shortly thereafter, we saw prices in the \$4-a-bushel range, basically all-time-high prices. I do not believe we are going to see those prices until this trade war between the US and the EC stops. As long as they are willing to give part of that grain away, we are going to be facing these depressed prices. The very second that trade war is over, and it remains to be seen what it takes to stop it, and we go back to domestic production, I think we will see higher prices.

Having said that, in the meantime we look at support programs. Certainly we, as farmers, do not like to have to take part of our income from support programs. That is just totally against what we are there for. We want those dollars to come from the marketplace. At the same time, in order to get it back to the marketplace, it is going to take increased domestic usage, and fuel ethanol is one of many things. As Mr Villeneuve just mentioned, sugar policy would be another.

Probably last but not least—and we will be approaching the federal government regarding this—is credit for exports. The very second you have one bushel of corn too many in the province, automatically the price is depressed. If you have one bushel too little, then you are looking at US replacement value. US replacement value would be probably 40 to 50 cents higher than the prices here in Ontario right now. Translated, that would be some \$70 million.

Mr Leach: I would just like to make a few comments in that area. It may be a misconception out there that all we have to do to get the price of corn up—and it is a disaster; it is low right now at roughly \$2.50 a bushel—is just put the price up to \$3.50 or \$4.

Unfortunately, rightly or wrongly, that just will not work in the world economy we are in. As Frank said, if we have one bushel more than we need in this country, we have to export it. The only way we could put our price up artificially, shall we say, would be to close our borders. To close our borders for corn means we cannot export or import, and I do not know what western Canada would do if it had to try and use up 40 million tonnes of western grain. We are in a world economy whether we like it or not, and unfortunately the price we receive for our product is the same price they receive in the US, in most cases with less trucking. We are caught up in that.

On the GATT negotiations, I am not nearly as optimistic as Frank. Frank is an optimist and I am a pessimist or a sceptic; I do not know which it is. In any event, Frank is an optimist and he expects that the GATT is going to get cleared up and that is going to solve all our problems.

I do not share that same optimism, especially in view of what I have seen just this past week. Was it 100,000 French farmers parading and spreading manure just over the threat of taking away their farm programs? I even heard today that liver pâté was spread all over the streets of Paris. Those guys are so militant that I really think we have some problems there.

I hear Roger back there laughing, thinking it is about time we did the same thing.

We have some real problems in agriculture. In the meantime, these are the solutions as we see them until these other problems can get straightened out.

The Chair: Mr Klopp, real fast.

Mr Klopp: Real fast. Right now, if I went over to buy some corn in the States, would it cost me about 40 to 50 cents more to bring it over here?

Mr Anthony: We are looking at a negative basis here in the province at the present time, negative to the tune of 10 or 20 cents under. In the United States, by the time you figure in the exchange rate, the Chicago price plus exchange, plus freight and so on, you are looking at 50 cents.

Mr Klopp: So corn could be \$2.90 in Ontario before they could really say it is cheaper to bring it in from the States, and right now it is \$2.50.

Mr Anthony: That is correct.

Mr Klopp: So we could be pushing somebody to get the price up a little higher, somehow. Do you think it is worth looking at?

Mr Anthony: The only way we will do that is by getting some export orders. Right now, when you go to export grain, the world market price is not really the thing that sells it. It is terms. We just do not have the terms. We will be going before the federal government and asking that there be some clarification done under the Export Development Corp for movement of eastern Canadian grains and oilseeds.

Mr Cleary: In your brief you say, "Debt loads continue to mount for thousands of producers....family farms, sometimes those which have been in the family for more than a century, are being sold off." Then you go on to say, "Without immediate help, thousands of Ontario farmers will not remain in business until next year."

Last week we had the Canadian Bankers Association in before this committee. They led us to believe that they would not have any more problem collecting their debts this year than in previous years. I would just like your comments on that.

Mr Anthony: I read their brief too, and my comment tonight is that they may not have any more trouble collecting on the accounts they have on hand as of today's date than they had a year ago. The only thing is, they dumped a whole bunch of guys last year and the year before and the year before that. Those guys are out there fending for themselves. They are not telling you something that is not true. It is just that they are not covering the whole industry.

Mr Cleary: Okay. Another question I have is on yesterday's announcement. Will that help solve some of the problems for your farmers who you say are selling off their farms?

Mr Anthony: Any dollars that go towards the situation are bound to help. Yesterday's announcement will help, but it is not going to save everybody. Even if we get all the \$124 million we are requesting, it is not going to save everybody. It is going to prop up the industry for another year at least. There are other things we need besides more dollars to fix this problem. It goes back to new markets and so on.

Mr Cleary: My colleague Mr Villeneuve has been talking about ethanol for some time, and I have been working with a gentleman who just did a number of projects in

other countries. Do you think ethanol we would produce here in Ontario should be used just for additives to gasoline, or do you think we should be exporting that to other countries for additives in industrial manufacturing?

Mr Anthony: I believe that if we have export opportunities, and the price is right, we should take advantage of it, because what makes the world go around is dollars, and if we have an inflow of dollars into this province or this country, it cannot do anything but help.

Mr Cleary: Has your organization looked into anything like that before for export to other countries?

Mr Anthony: Yes, we have taken a look at it. There are two grades of ethanol coming out: fuel grade and industrial grade. Yes, we have taken a look at it. We know that with our feedstock, the price of grains the way it is, and the technology that is available in Canada, we could be competitive in the world marketplace. There is a very good opportunity for Ontario to sell ethanol into the north-eastern United States. It is a big market and it is close by.

Mr Cleary: That is exactly what I was led to believe too.

Mrs Fawcett: Just a point of clarification on my part, and especially on the corn producers: In your brief you say that there are three million tonnes used for feeding Ontario livestock. Will they get help from the announcement yesterday, as far as grain and oilseed producers receiving some benefit or some help is concerned?

Mr LeDrew: The question, I take it, is related to farm-fed grains. Is that correct?

Mrs Fawcett: Yes, the three million tonnes used for feeding Ontario livestock.

1610

Mr LeDrew: Just very quickly, the three million tonnes refers to both direct on-farm usage and through feed manufacturers where it eventually ends up within Ontario on that basis. I would also include some farm-fed usage in the amounts that go to Quebec and the Maritimes, of course.

In direct answer to your question, that is a concern that has been expressed, in that trying to find a mechanism for delivering some assistance on farm-fed grains—I know a number of the other farm groups will also be asking for assistance in that manner. There will have to be further discussion on yesterday's announcement, I understand, before we can really answer that question.

Mrs Fawcett: How much does it cost to produce a tonne of grain?

Mr LeDrew: For Ontario corn, some of the average numbers have been in the range of \$135 a tonne, in that area.

Mrs Fawcett: So if we are talking about the three million here, we are looking at approximately \$400 million to produce that much.

Mr LeDrew: Yes. The value at the farm gate, using that sort of analogy, would be close to \$500 million, you are right; in that area.

Mrs Fawcett: And that is only the three million. The money is not going to spread too far, is it?

Mr LeDrew: As I said, we are thankful for the \$35 million.

Mrs Fawcett: Something is better than nothing, but it is still not enough.

Mr LeDrew: In terms of the farm-fed issue, that is something we will certainly have to address, and that is a problem within the current Agricultural Stabilization Act itself. That has always been a problem and that is why the new GRIP and NISA programs are in place, because that does cover on a production base rather than a sales base. One of the problems with the current Agricultural Stabilization Act is that farm-fed grains therefore do not get covered.

Mrs Fawcett: I think a few pork producers are having problems, and a few others.

Mr LeDrew: That is correct.

The Chair: Thank you very much for your insights and your valuable contribution to this committee's process. A report will be prepared. I trust that you will receive copies of that report promptly, which could mean any number of things when government is doing it, but as promptly as possible. I want to thank you again for coming in and wish you a safe trip back home.

ONTARIO FEDERATION OF AGRICULTURE

The Chair: We now have the Ontario Federation of Agriculture. Please put your names on the record and then commence with your submissions and try to leave at least 15 minutes for questions and dialogue.

Mr George: My name is Roger George. I am president of the Ontario Federation of Agriculture. I have with me Jack Wilkinson, my first vice-president. Jack is also the second vice-president of the Canadian Federation of Agriculture. Carl Sulliman is the chief executive officer of the OFA and Cecil Bradley is our manager of research and policy development.

I appreciate the opportunity to be here. I do not intend to read through our brief. I would ask that it be read into the record in its entirety or placed into the record in its entirety. That will save us some time. I just want to go through and hit some of the high spots very quickly.

We have indeed changed the focus a little bit overnight in light of the minister's announcement yesterday. We did a quick rewrite overnight—at least, Cecil did a quick rewrite overnight. While we are focusing on the crisis on the family farm, and that is an ongoing crisis, we want to address our brief in two segments: one, the immediate crisis, and, two, the longer-term implications of this crisis.

First of all, we would like to start off on page 2 by giving appreciation to the government of Ontario for responding to the requests of farm organizations and farmers across the province with its \$35.5-million announcement yesterday. While we know that is not going to solve the problem totally, indeed it is a first step forward, and the OFA and other commodity groups intend to use that \$35 million as a lever with the federal government. We have invited people to a meeting in Winnipeg, attempting to negotiate and lever some more money from the federal government. That indeed is where the balance should come, because many of these things are federal responsibilities, but we

were indeed quite pleased yesterday with Mr Buchanan's announcement. Having said that, it is not totally encompassing. There are some farmers who are going to drop through the cracks, but we will be looking for federal money to patch up some of those cracks.

Pages 2 and 3 basically deal with the farm income crunch, which I think has been very well defined in previous submissions to this committee, so I do not intend to go through that. I think the case is well documented. Instead, I want to turn to page 4, "The Drought of 1991," and just address the announcement of yesterday where the \$3.5 million was announced to be directed towards farmers in drought areas or farmers in special difficulty. Very clearly those are not going to be sufficient funds to address the problems as documented by farmers in that area. But again, we are looking to the federal third-line-of-defence process to pick up some of the pieces there.

On page 5 we get into the long term. The other thing is we have the short-term crisis, getting people to 1992. Even getting them into 1992 and under the protection of the new stabilization programs, GRIP and NISA, all that is going to do is to provide some minimal levels of support to keep people in operation. What we are looking at here is an industry in crisis in many sectors, where there have been no profits for many years and we do not have the necessary capital to revitalize this industry. It needs a total, wholesale look at the way we restructure this thing.

Farm credit is a very important issue. I am sure Jack will address that in question period. We are very open to working with Mr Hayes and his committee. The simple message is, "Get on with it and let's work with farm organizations over the course of the fall and winter to develop proposals ready for the spring budget that we can take to Mr Laughren," because farm credit is a very important issue for us.

On page 6 we talk about the Fair Tax Commission. In our minds, one of the most important issues within the mandate of that commission is the farm property tax rebate. Over the course of the summer the OFA has written to the minister on three or four occasions, requesting the government's current position on this and what it intends to do with that program for 1992, because the order in council expires at the end of this year. To date we have received no indication at all from the minister of what he intends to do. We have heard rumours from OMAF and through different musings by politicians in the press that there are going to be some alterations. In OFA we are saying we have to have that consultation. Farmers have to know what to expect for next year because cash flows have to be prepared this fall for next year. If it is going to be changed from 75%, we need to know that, but we are saying in OFA: "Don't touch it at this point. Let the Fair Tax Commission do its job. That is the rightful place to do this. Just roll the order in council over for another two or three years until the Fair Tax Commission has had the opportunity to deal with this subject."

We want to make it very clear that this is a fundamental program for OFA. I cannot stress enough that we are dealing here with an inequitable tax on farm land. This has nothing at all to do with people. Politicians and others who get these

two things mixed up cause us all sorts of grief out there. We shall be putting a lot of effort into making sure this particular issue gets addressed quickly by the minister. We are expecting some response from the government.

On page 7, trade negotiations, I bring your attention to the very last paragraph, where we are saying it would give the Ontario farm community a tremendous amount of support if the provincial Legislature would pass a unanimous resolution in support of the stated trade positions of the federal government. Yesterday we had a major meeting out in Mississauga with supply management people, in response to the possibilities of shifts in the European position at GATT. We just cannot afford to lose the one sector of our industry in Canada that has been consistently profitable enough to supply industry in Ontario. That accounts for about 30% of our total agricultural growth product. These people have to have the ability to maintain supply management under a more strongly worded article XI. We are calling for this House to give total support. Yesterday the minister made some strong statements in support, but it would be very useful to have politicians from Ontario joining the Ontario farm community in making sure the federal government does not shift from or get shifted from its position at GATT.

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In conclusion, the final couple of pages are just some technical data which suggest that the province of Ontario over the past number of years has been cutting back on its agricultural budget in relationship to the total budget of the province. We think agriculture is far too important a sector and rural Ontario is far too important to have cutbacks. I think we recognize that any money that is expended by rural people and by agriculture has a multiplying effect on the economy. At a time when we are trying to create jobs and to trigger economic revitalization, we believe our industry can help in that, but we certainly cannot do it unless we have some support from the province.

With that, I am going to conclude the official part of my presentation. We would welcome some questions.

The Chair: Thank you for the concise style in which you addressed the committee. Of course your brief will become an exhibit and a permanent part of the record of these proceedings and, along with others, will be valuable.

We have for each caucus a healthy chunk of time, some eight minutes or so. Mr Hayes, please.

Mr Hayes: I guess one of the things the minister pointed out with the \$35 million is how we tried to funnel in through existing programs: the \$11 million added to the farm interest assistance and then the other \$15 million for the farm income stabilization and so on. As a result, of course, we have lost the \$3.5 million down below for people, as you say, who fell into the crack. We have looked at this and we have had discussions as to the way this press release was put out. We would probably prefer to have that deal with, let's say, weather-related issues; in other words take care of a drought area and an area hit by hail.

Maybe it is not a fair question right now because we do not have the figures ourselves. The other programs, like the \$11 million and the \$15 million and the \$5 million for

the horticultural crops—what we are looking at here is saying that some of those people, even the people who got hit by the drought, will benefit from the other programs. This would be for those who are not eligible for some of the other programs; we would be looking at assisting them on top of that. Have you any idea how many of the people in the drought area, for example, would be eligible for the above programs? This is what we are looking at.

Mr George: I do not have that information, but very clearly there are farmers who will be eligible for more than one component of the program. While there is \$3.5 million in that drought fund, some of those farmers will be able to access interest programs; some of them will have sold grain in 1990 and will be able to get something out of the ASA. So yes, it is obvious that is going to happen.

At the same time, I think we have to be aware that it is not enough money for the drought people. We are looking for this third-line approach that has to come from the federal government.

Mr Hayes: Okay, thanks.

Mr Klopp: Earlier we were looking at the ethanol business, and the corn producers mentioned efficiencies, smaller operations versus larger. You mentioned in your brief the whole economic spinoff that agriculture has and with which I have totally agreed for a long time. Like examples of ethanol plants, should that be part of our discussion of efficiencies, one big plant versus smaller ones and getting work around? Is that something we should be looking at?

Mr Wilkinson: At some point. You have to stay within the economy that works, as well. The corn producers and others know this issue better than we do. Obviously the quick answer is that you would like to have a number of small plants spread around rural Ontario and do it that way. You get to the point very clearly where, if it is not an economic unit, then you cannot produce the ethanol at the right price. Then you are just not going to get anybody to move ahead with the development of the program because you are still forced, as we all seem to be, to basically price that litre of ethanol at what it can be brought in for from anywhere else.

There is going to be a tradeoff there. That is not our expertise. Our principle is in the old phase that we support this kind of approach, that it would be very good for the agriculture community. It is very positive from an environmental point of view and it would be very useful from the livestock industry's point of view. We want to see movement ahead in the ethanol system.

From our point of view there is really no mileage in spending a lot of time in the argument of where that efficiency trades off. Smaller and still efficient, I think, is the best because it helps for the usage of that feedstock coming out the other end for usage on livestock. It minimizes the amount of trucking you have to do to make sure you utilize that—the drying costs, etc. You can use the wet grain a lot more easily. We would prefer it to be as small as is economically capable of producing it, in as small a plant, spread out as much as possible.

Mr Klopp: I just want to know if we should be looking at that a little bit. Obviously you do not spend a lot of time. If it is getting way out of line, forget it. We agree with that. I just want to know if it is even worth looking at, because economists have a lot of versions of efficiency which do not mean anything. I think we are living with inefficiencies which hurt us a lot.

Mr Hayes: Very briefly, something has just come to my mind; the other sector out there that has been very critical about farmers and supply management and marketing boards. I think we know whom we are talking about.

Mr Wilkinson: The unions. The unions are the only ones who can afford them.

Mr Hayes: No, not at all. No, the unions would like to bring the farmers up to their level, not bring themselves down to the low prices the farmers get.

What can we do as a government, in partnership with the different commodity groups or the OFA or the farmers themselves, to help to get that message out there that it is a bad image that they have?

Mr George: I cannot think why on earth you would be talking about anybody who would not like farmers and our industry. I thought everybody loved farmers.

Mr Hayes: I do not think so.

Mr Villeneuve: We are all consumers.

Mr George: You are obviously talking about—

Mr Hayes: The consumers association.

Mr George: —getting our message out. We very clearly have to do that. This week we started by kicking off our agricultural education outfit. We need a commitment for some government funding to make sure that is an ongoing thing. Clearly, educating consumers is going to have to start in the classroom. There needs to be a major job, and I do not think that as farm organizations we have done as good a job over the years on communications as we maybe should have done. It is an ongoing battle. Communications, in my mind, is the beginning and the end of the whole thing.

Mr Waters: I come from an area up around Midland. I represent the Midland area. Where I actually live there is not a lot of farming left, unfortunately. We used to have 12 dairies; now we do not have any. Everything in the Muskokas has gradually deteriorated. Now I go over to Midland and I think in my riding there are four elevators, one of which is about to be dynamited and made into a resort. The second one they are going to store rubber in. The third one is just going to sit there and idle away until they dynamite it or something. The fourth one, at this point, is being used.

Obviously there has been a big downward shift in agriculture or something, because these elevators are just sitting there totally empty. I see one ship come in. How do we turn all that around to where it was? Maybe we are talking today about the short term, but I think we have to look at where agriculture was in this area, and whether it will ever come back. Is there any way we can ever bring it back to where it was?

Mr Wilkinson: It can be brought back to where it was if anybody wants to put the energy towards making it

happen. Very clearly, we have been very involved in the short-term emergency, the crisis, over the last number of months—years almost, it seems—because that is where it has been.

The big, fundamental picture is that we have to start at ground zero and rebuild this industry. If we do not, it will be gone. Effectively, it is winding down in Ontario. I do not know; we have been trying very hard, and we are going to try much harder over the next number of months, to convince the taxpayers in this province and in this country of what they have and what they are losing, and what the ramifications are going to be to the Ontario economy if agriculture is not rebuilt and put in a framework in which it can survive and thrive again, grow again, and give the economic spinoffs.

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People do not seem to grapple with the fact that it is the second-largest industry in Ontario. The transportation and automotive sector is the only one that is bigger than agriculture and agribusiness. You know how uptight the province would get—and this is no issue in relationship to an NDP government or any government; any government would get very concerned—if the transportation sector in this province rolled over and died. We would be just pulling the stops out to fix it fundamentally. What is going on? It would be a crisis in the province and you could not turn without bumping into people trying to fix it.

But in agriculture we have been suffering with net farm incomes that have shrivelled. We have been using off-farm income. In Ontario, we have as much off-farm income coming into agriculture as is required to run 60,000 census farm homes. It takes \$1.5 millions to keep those homes running, 60,000 people, and there is \$1.5 million coming in from off-farm income. It is an industry that has exactly zero capacity to feed its entire workforce. Here we feed 125 people in Canada and then we have somebody work off the farm to feed ourselves and our family, and nobody gives a damn about it.

We get lipservice about it and I know we talk about it. We pretend and, yes, we get a package and we are not ungrateful for this, but it is an industry that has to be fixed fundamentally. We have to have a credit policy that is different, a taxation policy that is different and all those issues. We are ready and we are up for the rebuilding of agriculture, and really what we are trying to say to Ontario is, "If you do not want to see it shrivel up any more than it is, we all have to go at it and put our shoulders to the wheel and fix it."

The Chair: Thank you, sir. We should note that Mr McLean has taken time from his busy schedule to attend here this afternoon.

Mr McLean: I am a farmer.

The Chair: We appreciate his interest.

Mr Ramsay: Welcome, Roger. Nice to see you and confrères Carl, Cecil and my neighbour Jack. It is nice to see you, Jack.

We have heard from the corn producers their sense of what the impact of NISA would be. In their case, they talked about a 1% contribution to NISA for their producers.

Do you have a sense of, if the government had been a partner in NISA this year, what effect that might have had on Ontario agriculture?

Mr George: It just seemed to me to be a smart business move in times of economic difficulty. Any time you can put in \$1 and get \$1.50 back, it seems to me like a good investment. To that extent, we are disappointed that the provincial government decided not to go the NISA route.

The other thing there is, going that way would have addressed this farm-fed question, because unquestionably the biggest hole we have in the minister's announcement yesterday are the many thousands of farmers who feed their grain on the farm, and because of the methodology of the Agriculture Stabilization Act, as far as we can determine, they will not be able to access any part of this \$15 million.

Mr Cleary: I have a couple of things. One has to do with the drought, but I will get to that in one minute. What changes do you think should be made in crop insurance, if any?

Mr George: That is an area that just has to be addressed. One of the single biggest problems, particularly in an area like Essex where they have had several years of disasters, be it drought, floods or whatever—we have producers down there who have seen their guaranteed levels of productions ratcheted down to levels where it really almost was not worth paying their \$10 an acre or whatever to insure that crop. When they have seen their averages come down from 40 bushels to 18 bushels and then it is only 80% of that, you do not have to stop and think for very long why a farmer would question why he would bother to insure that crop.

It is just the same as if you had a car that was worth \$25,000 and after two or three accidents, the insurance company said, "You are a bad driver, but we can only insure you now for \$2,000 if you wreck your car in the future." They charge us an extra premium or whatever. There have to be ways of dealing with that ratcheting process. That is one area that definitely needs looking at.

The crop insurance has been much improved over the years, but it is far from perfect. I think on a lot of these issues, we need some firm direction and leadership from the minister to tell his crop insurance commission to be creative with the act, just to go as far as it possibly can within the existing legislation. We believe it can be done and it needs some creativity and some boldness.

Mr Cleary: Would you not leave us with any suggestions?

Mr George: We are appearing before the commission in a couple of weeks and I think it is a technical subject. I think it would be more appropriate if we dealt with it there.

Mr Cleary: I know there has been drought in Essex-Kent. Are there any other areas in the province that you feel were neglected in yesterday's announcement?

Mr George: The township of Chisholm where I live is an area where we had some drought this year. We did not have any rain up there at all. Yes, there are spots everywhere.

Mr Cleary: Yes, I have seen a lot too.

Mr George: We do not have the details on the minister's announcement, but it would seem that there may be scope within that \$3.5 million to target individuals or areas that have problems. I do not think it is just targeted directly to the southwest.

Mr Cleary: Something else that bothers me a bit, because of where I come from and all, is the cross-border shopping issue. Would you have any comments on that to do with agriculture?

Mr Wilkinson: I flippantly made a suggestion to the deputy minister over cross-border shopping. She indicated the province really could not do that much and I said we could pave all the accesses to the bridges for the summer-time. To me, it is a serious fundamental problem. Any time you have \$2-billion worth of purchasing being removed out of a province the size of this, it is a fundamental problem, it is a major issue. For example, in spot areas in northern Ontario, for milk and some other things, they have lost as much as 25% or 30% of their production directly to cross-border shopping.

It requires some changes, we think, to the federal act. I am not as clear on this issue as to knowing the details, as I should be, but we know the dairy farmers in Canada, for example, have asked for time periods that are spent in the United States for what you can bring back in perishable products, farms products; that they should be extended so that you eliminate a lot of this rolling over and doing your shopping there.

I think the province, though, can play a very important role here in educating the consumer, as it has done to some extent in areas like OHIP. If you are going to cross-border shop, what are the ramifications in this province. There are going to be all sorts of programs that have to be cut in this province. You cannot have the standard of living in Ontario, then go someplace else to buy gas, to buy this or that, and come back and expect to be able to have a standard of living as if you had spent all those tax dollars in this province. We know that. We see that constantly in agriculture.

As far as specific recommendations, I do not have them today. We know, for example, that the milk board and a number of commodity boards that are dramatically affected have made presentations. We can certainly work with them to bring some in, but I am not equipped today to answer with a list.

Mrs Fawcett: I would just like your comments on the family farm advisory program, because I had one of my farmers, Matthew Currelly, speak to me about that at noon. He is very much in favour of this program and hopes it will receive some money for the family farm group experiencing financial stress. I am just wondering, do you feel this is an important program? Do you feel the ministry considers that an important program?

Mr Wilkinson: Obviously, there are a number of programs that are extremely important in relation to that. For example, Mr Cleary asked the corn board a question about the Canadian Bankers Association saying there is no serious problem in Ontario and it is no different collecting money this year than last year. I guess the quick, smart-ass answer to that is that the banks never have any trouble

collecting money, so they obviously do not have problems with accounts.

The facts as put out by the standing committee federally, ie, Canada, are that 9,600 farms in Ontario are technically bankrupt right now, today. Actually, these are eight- or nine-month old figures, so it is worse than that today. There are another 15,000 that are insolvent. There are 100,000 Canadian farmers who are basically considered in severe economic stress. I am sorry, it was 96 insolvent and 1,500 in severe stress. Of the \$23 billion in Canadian agriculture debt, it is considered by that committee report that \$5 billion is unrepayable. Clearly, we have a fundamental, serious problem. There are going to be all sorts of people going through debt review; there are going to be all sorts of people who are going to wind down their farm operations before debt review. That is why you have areas where people look at a condominium complex across the road and do not bother worrying any more about being in farming, because they are looking at the economic situation and the viability situation and they know it is not there.

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These are not unsolvable problems, but they are certainly big problems that require good-sized imaginations and a lot of resources. It is not all money. A lot of it can be taxation policy. A lot of it is structural policy. It does not always have to be a blank cheque to the farm community and it does not always have to be seen that way. I do not know if that exactly answered your question.

Mr Arnott: Thank you for your presentation. As always it was excellent. I would like to ask you a question, Mr George. You talked about the farm tax rebate program and your preference that it be left alone until the Fair Tax Commission has an opportunity to report. In the long term, could you describe briefly what would be your ideal farm tax rebate program?

Mr George: My idea would be not to have one, because if we remove the unfair taxation from our farm land and our farm buildings, the government of Ontario does not need to rebate \$150 million-plus to farmers. It is as simple as that. That is something we have to sort out in the Fair Tax Commission. It is not something we can sort out by a minister worrying about how to trim \$20 million from a budget, by a bureaucrat worrying about whether somebody who has enough farm income should be getting it or whether Dofasco steel gets \$90,000. That has absolutely nothing to do with it.

Mr Arnott: The second question is with respect to farm safety. When you lose a friend in a farm accident, it really hits home. I know there are many farmers in my riding who are not making money, who have not made money for a number of years. I think about how they attempt to maintain their equipment and keep it up the way it should be, but some of them do not have the money to replace that equipment. I am very concerned about that. Would you like to comment on it at all?

Mr George: We should all be concerned about that. I think when we hear, as we have heard, about farmers who are growing 1,000 or 1,500 acres of grain and they tell us their newest tractor is 12 years old, there is something

fundamentally wrong with an industry there. We think we are efficient—we are not efficient. We cannot afford the latest technology in this province. Our technology is years out of date, yet we think we are efficient and can compete. We do not have the capital to reinvest.

That comes back to safety. As a farmer concerned about safety, I would just love to see mandatory quiet cabs with decibel levels legislated so the farmers do not go deaf driving these tractors. But these things cost \$6,000 or \$8,000 a throw. We could never afford to do that on our own, out of the pitiful profits we make. There is no profit in this industry, and without profit there can be no ultimate survival. We do not have that profit to replenish our industry and to be able to keep up with the standards as we should be doing. Farm safety is a grave concern to us.

Mr Villeneuve: To Roger or Jack, on farm debt review, I was an employee of the Farm Credit Corp for 13 years prior to my incarnation in politics and I will tell you, we made loans that were good loans. That was the thing to do at the time. The cash flow looked right. Through no fault of their own, the cash flow did not turn out and of course now you have to sit down with banks, with the FCC, with whomever. Is it working?

Mr Wilkinson: Our organization has said the balance has started to tip back in favour of the creditors, in our sense. We have asked, in three briefs to cabinet, that this money be put forward through the province, because we are talking about clients who really do not have the economic resources to defend themselves, almost. We know it is not a judicial system, but in my opinion it is a quasi-judicial system.

Mr Villeneuve: It should be.

Mr Wilkinson: It should have been a judicial system with the ability to cram down, if it was justified. But we think, first of all, there should be some resources made available to clients going in front of debt review to have legal, financial and also representative services they can draw on so they can put a legitimate, fair case in front of the system.

Mr Villeneuve: A legal aid type system.

Mr Wilkinson: Yes, a legal aid system. Our farmers do not qualify under legal aid.

Mr Villeneuve: Yes, I realize that.

Mr Wilkinson: I just find these things fundamentally incredible. We just would not tolerate somebody standing in front of a judge without any defence. If they are poor, "There's your lawyer." But we send somebody to debt review and we basically give them field staff, who I think tried their best, but they are not there necessarily to speak for the farmer and are not hired by the farmer and an advocate of the farmer. They are hired by the Farm Debt Review Board to help put cash flows together.

I think they do a good job, but I think after a while you tilt the table and they start saying: "Well, what will fly through the credit system right now? What will the banks accept? I know this banker here. I know this banking system will accept this deal, if we can get a cash flow that matches that deal." Then away they go, but I think sometimes you forget

about the farm you are representing and say, "What is the best deal that we can get for the farm family out of this?"

Mr Villeneuve: For that family, yes, exactly.

Mr Wilkinson: We know it is federal jurisdiction, but we would like to see the province put some money up, and have requested that for three years.

Mr Villeneuve: I am fully supportive of that. We are sending people when they are most vulnerable. They have been booted around from post to pillar and they are there cap in hand and it is a pretty downgrading situation for people who are proud and do not normally ask for a handout.

The message being sent out by the Ministry of Agriculture and Food regarding supply management and the Ontario broiler chicken marketing agency—right now they have apparently thrown the cost-of-production formula out the window. Are you familiar with that?

Mr Wilkinson: Roger would be familiar.

Mr Villeneuve: I am very concerned. I am sure we can pass unanimously in the Legislature upstairs the fact that we support supply management, yet within the same Ministry of Agriculture and Food, in the broiler situation the Farm Products Appeal Tribunal has become, all of a sudden, an all-powerful body because it has rolled back 12 cents a kilo on what was a readily accepted cost-of-production formula. It is a very mixed message that I am getting right now from the ministry. Can you help me to understand what is going on?

Mr George: I think we have to recognize that the elected people who sit on the chicken board are the people to deal with this. I certainly do not intend, in this forum, to try to put forward any level of expertise. I think we have to recognize that there are problems within the industry, and I think the duly elected people are working to try to solve those problems. As supply management evolves, then I think it will be sorted out. My fundamental problem in this whole thing is to make sure we still have the framework in which to run the supply management industries.

Mr Villeneuve: In a press release dated September 30, the Minister of Agriculture and Food supported a 12-cent rollback from the cost-of-production formula. That says to me he has given his blessing to this, and I wonder what other supply-managed commodity he will be agreeing to. Can you crystal-ball-gaze a bit?

Mr George: No, I think you would have to ask the minister that.

I would like to say in closing I think all members of the Legislature have been touched one way or the other by the farm crisis this year. I just want to thank members on all sides of the House of all political stripes for their efforts in bringing us at least what we have gotten. I would ask you all to redouble your efforts and help us to work towards the long term.

The Chair: Thank you for your assistance and your insight. You have one of your staff people here. Perhaps you could introduce her.

Mr George: Laurel Campbell is our media relations officer, our communications person, my assistant when I am on the road. I am not sure what her title is.

Mr Sulliman: I think she is the one who officially welcomed you in the membership, did she not, Mr Chair?

The Chair: Yes. No qualms, no qualms.

Mr Sulliman: Let the record show that the Chairman belongs to the OFA.

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CATHOLIC RURAL LIFE CONFERENCE

The Chair: We now are going to hear from the Catholic Rural Life Conference. If you would come on and seat yourselves and tell us who you are and begin your presentation, hopefully leaving us 15 minutes out of the 30 minutes to have some dialogue with you. I say welcome to you.

Mrs Murphy: Thank you. I am Palmira Murphy, better known as Mickey. You may refer to me as Mickey; it may be easier. I am the chairperson and co-ordinator of the Catholic Rural Life Conference. This is Frank Earnst, our secretary, and Lise Willems is a member of the conference.

I typed up some things this morning without corrections. I think you have a copy of that by now. I will go over that first and then I have some comments to make, mainly about the area I come from, which is the tobacco district, Delhi. Then I will let Frank Earnst add to that, if that is all right with you, and then we will have some discussion. Okay?

The Chair: Yes, ma'am. I should tell you that Delhi is where my grandparents were tobacco farmers for decades and decades.

Mrs Murphy: Kormos. Are you related to Ann?

The Chair: They probably do not admit it. They probably get asked that question frequently.

Mrs Murphy: I will go ahead and start. Thank you for the opportunity to express the concerns of the Catholic Rural Life Conference. There have been three suicides in the Petrolia and Alvinston area and I am afraid there will be another round of suicides throughout Ontario similar to that of the tobacco area four or five years ago. I cannot help but wonder why a farmer's life is not as newsworthy or valued as that of a postal worker, for example, or why farm production is not considered as important as car production, etc. There seems to be some problem with values.

Food security is necessary not only to ensure that people have safe, adequate food, which is every person's basic right, but also to prevent consumers from ever having to pay exorbitant prices because they are totally dependent on other countries. Food is necessary to sustain life. What could be more important? Therefore, the production of food should not be a competitive business but a co-operative effort.

Reflecting back to when I was a child, I remember my father, relatives and friends talking about farming, and the two comments that I heard often were, "Canada is the land of opportunity," and, "When farmers prosper, everyone prospers." After the Second World War, farming went along very well and the economy boomed. I can also remember news reports that there would be a shortage of food in the future.

As time went on, farmers were told that farming was a business and they had to become more competitive. Fertilizer and chemicals were introduced and the yield per acre grew higher and higher. Then input costs went up. Higher

interest rates, inflation, the value of the dollar and an over-supply all contributed to the farmers' profit margin shrinking lower and lower. The farmers' income has not kept up with inflation, mainly because of the strong competition from our neighbours in the United States who, somewhere along the line, have set our food prices.

I talked recently with some grain and oilseed producers and would not dare repeat the language used to express their anger, frustration and feeling of hopelessness. One man seemed to be in a daze and kept repeating, "I haven't got any money left." This man had been a very successful tobacco and grain farmer at one time. Now he has no money left to start again. He is almost at retirement age and does not have the education needed to get a good job. This is a typical situation in our area.

Another farmer, a woman, said: "We won't be growing corn next year if this is the way it's going to be. You're beat before you start." Comments like this make me wonder if this is what the federal government wants. If it is, it should have the honesty and decency to tell the farmers.

Another farmer commented on how Cargill and other multinationals in the US set our prices, which is wrong, and that last week corn was worth 15 cents less than in the US. Add to that the difference in the dollar and you have a no-win situation. I will quote him: "Why is the government allowing them to put small farmers out of business? They pay unfair, low prices while our government bails us out with taxpayers' money. Then when we lose it all, they will take what is ours and everyone will pay the price, except for the ex-farmers, who for the most part will be on welfare because the majority are approaching retirement age."

This is a comment worth remembering. The urgency of correcting this situation cannot be stressed strongly enough. The farm community does not want to ask the government to bail us out, but we have no choice. What we want and need are fair prices. The way it is now, the government programs can keep the farmer's head above water in some cases, but additional assistance is urgently needed for this year, especially in the drought-stricken areas and for the grain and oilseed farmers. We need financial emergency measures now and a temporary ban on farm foreclosures.

At present, we are not in charge of our own business, the multinationals are, and that is bad business management. The owners must always have control. That is recognized as good business management. By what right, authority or justification are the multinationals allowed to take advantage of farmers who provide mankind with life-giving sustenance? If farmers acted on that same level of immoral behaviour, which people justify by saying, "That's business," then we would all quit farming for one year, live off welfare payments. Perhaps that would raise the level of reasoning to where it should be. That is food for thought.

The following ideas are offered in a spirit of co-operation:

1. Improve the condition of the soil and the market by setting aside a percentage of acreage on every farm for cover crops until the land and economics of farming have reached the level of sustainable agriculture.

2. Farm programs should not be based on unlimited production, but rather on moderate-sized family farms.

3. The NISA program should be examined as to whether it promotes sound ecological practices.

4. We agree that stable funding is necessary but feel that farmers should direct their checkoff to the organization of their choice.

5. The farmer should get a fair income according to cost of production, and the province has an obligation to see that the federal government maintains article XI in the GATT negotiations.

6. The Ministry of Agriculture and Food should inform farmers of products that can be grown in Ontario instead of being imported, and should request the federal government to put tariffs on such products coming into the country. Tariffication is necessary to promote self-sufficiency and would minimize the risk of the investment and help the transition to new markets.

7. All long-term policies should work together to stabilize prices for the farmer and the consumer through better management and also to guarantee land quality for generations to come.

8. Cost of production, not commodity exchanges, should determine the food prices for domestic use. This would also eliminate unnecessary transportation which harms the environment.

We are the stewards of God's creation. The Catholic Rural Life Conference promotes the value and dignity of each individual as a distinct person, but with a social obligation to work co-operatively in harmony and peace to attain what he cannot attain by competing against one another in the marketplace. We urge the government to help farmers through the financial crisis at hand and to create an environment by setting long-term policies which will enable farmers to manage their farms with some sense of confidence and security.

Now I would like to speak for a moment, if I may, about my own area. As I mentioned, I am from the tobacco district, which in some cases is more like the former tobacco district. I spoke to a friend the other day and he told me the taxes on his farm for one year were \$12,000. That is a 125-acre farm. I think this is disgraceful. It is unrealistic. I know there are many farmers who are suffering because of it. This is in Norfolk county.

The farms in our district are small because they were tobacco farms. My farm is 104 acres and at one time that supported two families very well. Now it will not even support me alone. I had six children. When I say "supported," I mean we lived in comfort. I was not rich, but I certainly was never lacking for anything. My children went to university and we had everything we needed.

In some instances where farmers were growing tobacco and now grow alternative crops, especially such as grain and oilseeds, the farms show a loss because the fixed costs are higher than the income. I think you can all realize that pretty easily.

1700

Everything they have tried in our area seems to flood the market. It does not take much to flood the market when you are growing herbs. There are quite a number of things that have been tried. I myself went into trout production, and about the time we had a lot of trout to go, the price

dropped from \$1.85 live weight to \$1.50. That was two years ago last spring. It has come up to \$1.60, but at \$1.50 we were not making money. My son and his wife and children had to move off the farm and find work elsewhere. At present, my oldest daughter is living there. We have geared down to one-third capacity and it is being operated as a part-time job.

The other thing that I went into myself was trying to get my farm into organic condition, because I have become very aware of what is best for the environment. I want to do what is best. I am growing alfalfa and grains to build my soil up, but I am not making any money whatsoever at that. However, my soil certainly has improved a great deal over the last few years.

I do not know if you people are aware that taxes collected on packs of cigarettes total in the area of \$5 billion a year. The people from our area really feel that this money should be put back into agriculture. Very often you hear city people comment about how much help the farmers are getting from the government, but they do not seem to realize that the government has got an awful lot of money out of agriculture, especially from our area.

The Catholic Rural Life Conference, along with some Protestant churches, are getting together to discuss what can be done for farmers in the line of stress management. Finances are a problem here and it sure would be nice if we could get a little bit of backing from the province in that area.

I mentioned in the beginning the three suicides, and I am just afraid that this is going to happen again. Being from the Delhi area, I asked somebody who should know, but I cannot repeat his name, how many deaths there were due to the decline in the tobacco area. He said of suicides and deaths that looked like suicides and stress-related deaths—heart attacks really went up—he felt there were about 50 people who died because of the stress they went through. I would really like to see something done to help the farmers in Ontario who are going through a lot of stress right now. There are people available who are professionals at it, but it costs money and that is where the problem lies.

I also feel that farmers who are going through the Farm Debt Review Board need to know their rights before they go through. There is so much legal mumbo-jumbo talk that they do not understand, and they do not know that they have rights. They are at their mercy. When you are in a state of stress, the first thing that happens when you go through something like this is denial, the second is confusion and then there is the depression and the anger. These are all steps that are well known to people who do counselling. When a person is in a state of confusion, he does not know sometimes just what to do or where to turn. I feel it is very important that farmers are informed as to what their rights are.

I will turn it over to Frank now.

Mr Earnst: I would like to say that the basic thrust should be in agriculture. The problems in agriculture are largely related to disempowerment of the rural community. The emphasis is always on economics, and economics play a big part in this, but the underlying problem is often the lack of power that rural people have over their own lives. I think governments play a big role here and that is where long-term

vision and planning should come in. Here is where the biggest problem lies. Agriculture has substantial resources, but there are some inherent problems. For instance, every generation has to pay anew the cost of the farm and often, with high interest, this amounts to four or five times the value of that farm. Some of these things need to be seriously looked at and I think we should give a more humane look at agriculture again and preserve rural communities.

Mrs Murphy: I believe Lise has a point she would like to make about crop insurance.

Mrs Willems: Yes. This morning the adjuster came to our farm. We grow about 80 acres of soybeans at the moment. We are farmers in transition to organic farming and, growing soybeans, we have studied what we could do about the weed problem. We used a system to grow rye with the soybeans to suppress the weeds, and the weather or other things did not co-operate. So we had the idea that the rye would grow up with the soybeans and then it would die in the summer, and that is what it did. But in the meantime lots of weeds came up also.

In our area we had about 40 to 50 bushels an acre. With crop insurance, we get 75% of this and it would be about 29 bushels per acre. Then the adjuster came to our farm this morning. He said, "It's too bad there are too many weeds on your farm." Now we have to cut it back another 40%, so there are left about 11 bushels per acre that we will get from the crop insurance, that they will give us back if this is the case.

We are trying to do our best to have sustainable agriculture in the future. When you are becoming organic, you cannot use chemicals, so we use other means. There is no clause in the crop insurance that thinks about organic farmers or their ideas, so it is really just pushing that we have to use a lot of chemicals to be able to use the crop insurance. I would like you to consider this, because I do not think that is sound practice for the future, and I would like help.

Mr Cleary: Thank you for your presentation. We are aware of some of the problems you are having in Norfolk and the amount of money that is turned in to the government through taxes, because the former Gordie Miller used to remind us of that all the time in the tobacco industry.

I am very familiar with your organization and I understand that you fully support the family farm. Is that correct?

Mrs Murphy: That is right.

Mr Cleary: In our part of Ontario, we have a great number of farmers who belong to your organization and a lot of them are hand-me-down farms. They really promote mixed farming in our area and they do it well.

You talked about suicides and financing and everything. We had representatives from the bankers' association in here last week and they left us with the impression that they would not have much more problem this year collecting their loans from farmers than in previous years. I would just like your comments on that.

Mrs Murphy: They are referring to tobacco farmers, the ones who are left. You either had to get out or get bigger, and if you had a small farm or only one farm, you pretty well had to get out. The first group that went out was mostly forced out by the bank and the farm credit. They

had no choice. I think that would number about 180 right off the bat, and there were more forced out later on. So it was not always voluntary.

1710

I felt that I had an alternative by going into fish, which was very good at the time. But then about 30 other farmers in the area had the same idea and by the time we all had a lot of fish to go, the price dropped, of course, because we flooded the market. There was no supply management.

So when the banker says that, he is talking about tobacco farmers. The other farmers have been kind of forgotten.

Our problem is largely also the fact that it takes a lot to build up sand. Now sand was perfect land for tobacco. That was nothing but a dust bowl before tobacco started down there, and that built up the area. It is pretty hard to grow something on sand. You can grow vegetables; you just have to load it with fertilizer and whatever. I have taken the expense, which is expense, and the time to try to build my land up.

The other point is that our farms are small. What can you do on a small farm to make a living? I put all my money into fish. I thought organic and fish looked good, and now I do not have any money left to put into something else. There are so many farmers in the same situation. The farm on either side of me is for sale. If we could afford to buy the farm on either side, we would have a 300-acre farm and then we could likely do something worth while with some cattle and pigs or also perhaps a big vegetable farm.

The thing is our farms are small down that way. So many people still have their farms, but they are working, getting the jobs in town that other people would like to have. They have put in a factory down our way and it took up a lot of the tobacco farmers. They are hired quite readily because they are hard workers, but the thing is, for every farm that goes under, those people are going to the cities and towns looking for their jobs, and jobs are hard to get.

I myself looked for a job last fall and could not find one. At one time I owned and ran a restaurant. I could not even get a job as a waitress because I am too old. They want the young girls, right? I do not have the education to get a lot of jobs. I applied for a job to answer the phone for emergency calls for an ambulance service. Everything was fine and then they said at the end, "Well, you do have grade 12, don't you?" I said, "No, I don't." I have an education which is likely equal to grade 12, because I have taken many courses. I certainly have the life experiences behind me and I know the area, but I do not have grade 12. Therefore I could not get a job.

The couple who rent the farm house behind my farm are five years older than I am. They are in their early 60s and I do not know what they are going to do. They lost their farm, they lost everything. They are trying to work on a farm when there is work and collect unemployment insurance the rest of the time. When they get to be 65 or whenever their whole body breaks down and they cannot work on the farm any more—I just see a lot of people in our area in the next five years or so, especially about five years from now, going on welfare because they just have no resources left.

Mr Cleary: Would you like to comment on the effects of cross-border shopping on agriculture? Do you get involved in that?

Mrs Murphy: I am not really involved with the cross-border shopping, but I do have an opinion. If you go down further into the United States, you are going to find the prices are not as cheap as they are in Buffalo and Detroit, and I think that says something right there. They are lowering their prices to get our people to go over there and shop.

I think when our people go over there and shop, when they come back over the border with these things, they should have to pay to bring them up to the level of our products. I really do not think it is right. You take care of your own family first, you take care of your own country first, and so on and so forth. It is kind of a moral issue. I know a lot of people, especially the ones who live close to the border, it really helps them out financially, but I think you have to do what is best for the common good, not for yourself. It is a rather selfish attitude.

Mr Arnott: I would like to thank you very much for your presentation this afternoon. You have done an excellent job.

I have one question and it refers to the first paragraph of your presentation when you immediately talk about the suicides.

I may be mistaken, but I believe the Ministry of Agriculture and Food at one time had something called the farmers' help line, I think it was. It was a 1-800 number and it was sort of emergency counselling.

Mrs Murphy: That was set up in the tobacco crisis time, yes.

Mr Arnott: Do you know if it is still functioning?

Mrs Murphy: There could still be that emergency help line, but we want to go beyond that and have support groups in the different areas.

Mr Arnott: That is what I was asking. What could the province do to enhance that sort of counselling program?

Mrs Murphy: I think the churches and the farm groups are willing to work at that. Certainly we are, but it is the finance. If you have to rent a hall or rent facilities or get a speaker in to talk on stress or to talk on finance management, this is where the problem comes in. A little bit of financial help would go a long way.

Mr Arnott: But there are a great many volunteers who would want to come forward and assist in that, I would expect.

Mrs Murphy: Oh, yes. I have run a support group for four years and I would certainly do everything I can and I do not expect to be paid for it. I know the value of it. I was widowed 21 years ago and I certainly could have used something like that at that time. Therefore, I started a group and worked with the group for four years on that, so I have some experience and I do whatever I can.

Ms S. Murdock: In the past, farmers have all joined their own different groups, but do you feel that maybe one of the problems is that we have not come—I say "we" because I was a farmer also—in a united voice? I notice you mentioned that you agree with stable funding but each

different type of operation should be able to fund the one it pleases, which I agree with. Do you not think we have to find a mechanism where we all come to governments with one united voice so that we get our point across?

Mrs Murphy: The reason I am not 100% for that is that at the time of the farm crisis in the tobacco area we formed a committee called the Committee for Equality. The first farmers who went out of tobacco farming were forced out by the banks and the credit unions. They had no choice. They were offered a few cents per pound of tobacco quota to exit tobacco, and then once that group went through, nobody else entered the program because it was such a poor offer that they just did not do it unless they had to, so they upped the ante by three times.

We formed the Committee for Equality, of which I was a co-ordinator and secretary-treasurer, and I called the OFA and asked for assistance and she said—this is Brigid Pyke, of course—“I’m sorry, we can’t do that because the marketing board is a member.”

I feel it does not always serve everybody’s purpose. I belong to the trout producers’ association and I belong to the organic growers, the ecological growers. I have a farm that is not making a living for me and I belong to these two associations because I need to know what is going on and I need to gather information and know more about it. For me to have to belong to another one on top of that is just one more financial strain.

Ms S. Murdock: Yes, I agree with what you are saying there but, again, then we come all divided to government and we have that problem where we, as farmers, do not speak with a united voice for each other. We have had that problem, I think, all through history and I think it is up to you and me and other people who are in different groups, smaller groups, to force, say, the OFA right now, but someone like that anyway, to be our spearhead.

Mrs Murphy: I see your point and I agree that farmers need to learn to stick together. I have sent out just recently to different farm groups an appeal for solidarity. Even though we are different groups, there is no reason why these different groups cannot get together and discuss the issues and learn from one another and see what can be done for all farmers.

Mr Hayes: I would like to compliment you also and welcome you. You made a very good presentation.

One of the questions I have really deals with the tobacco area and the so-called transition system, which meant well, but it seems that when we start talking to farmers about alternate crops, in that area particularly, they get quite upset. I have been down in that area talking to quite a few people and I see a real potential to grow other crops. Of course, if you mention that just by itself, people get upset.

1720

I know in your brief you mentioned that the Minister of Agriculture and Food should inform farmers about other products. Do you feel this province should really get involved in that? I see it as a problem of not getting the markets for them. It is fine to say, “Grow more strawberries or cauliflower,” or whatever, but then we have to look at a system whereby we can market on behalf of those

farmers who we are asking to extend themselves to do it. I would like to hear your comments on that.

Mrs Murphy: In our area particularly we do not know anything really to speak of about marketing, because we had a marketing board that has served us well over the years. I am not going to knock the marketing board. They have done very well. We can grow it, but how do we market it? It is not something you can learn overnight. That is the biggest area of need for the farmers: to know what crops to grow and get some help in marketing.

When I could not get this job last fall, there were courses coming up at the Ontario Ministry of Agriculture and Food office in Simcoe. It was four mornings a week and it was agribusiness management, marketing and accounting on the computer, and that was 20 weeks. So that is what I did. It was kind of a lean winter, but I went to school. I found the marketing course was just excellent. If you have never done any marketing before, it is pretty hard to do it.

At one time I grew about five acres of Belgian endive or whitlow chichory, and that is totally imported. That could be grown here. It grew very well on my land. There are other things too that are being imported that could be grown here, but how do you break into the market if you do not know where to go to find your markets? This is the problem. I think there is potential in our area too, but we do not know how to go about it.

Ms S. Murdock: There certainly is, and it is something that we, as a government, should be looking at to promote Ontario and to go into those alternate crops.

Mrs Murphy: The other problem is, in our area everybody has already put the money they had from their quota into something and it did not work, so there they are with no money to get started.

One week I received a letter from the bank, “Dear preferred customer.” I would get my money for harvest time 0.5% above prime. I was a good customer. I always had everything paid off. The following week I went in to see about getting a loan to set up a rainbow trout operation and they wanted 2.5% above prime. I could hardly believe it.

When I look back I can see why, in a way. The banks actually were pushing on people, “Why don’t you put in all bulk kilns,” for instance. You must know what that is. That is the newer method, newer buildings for curing the tobacco. I was told too, “Why don’t you put in all bulk kilns,” and I said, “Well, I think I’ll put in two at a time.” So I saved my first \$30,000 and I put in two. I saved another \$30,000, and I decided instead of putting in two more bulk kilns I was going to put in a small trout operation just to see what the potential was and to learn everything necessary. I never did go any bigger.

A lot of these people were good farmers. They had put in all bulk kilns and then this happened a few years later and it was that expansion—because they were good farmers and really looking to go ahead—that cost them their farms.

I have one friend with a farm with all bulk kilns, two houses, a new modern pack barn, 100 acres. They lost everything. She said it just breaks her heart when she goes by there and sees these people who bought the farm, who are from the city, out there putting their golf balls on that

lovely lawn that they put in all around the house and the barn and the bulk kilns. It is a real misuse of land and a sad situation.

Mr Wood: You mentioned about the banks, which Mr Cleary mentioned earlier, squeezing on people. We have had other groups who have come forward. A group mentioned the fact that there were three suicides in the county of Lambton. Would health problems and the resulting suicides, in your opinion, be the direct result of banks closing in too quickly when they probably could give them more time to refinance?

Mrs Murphy: I think that was a lot of it. At first, the farmers could hardly believe what was happening and all of a sudden, bingo, the banks cut them off and their farms were gone. It happened so fast it just sent them spinning. They just could not believe what was happening. There was one weekend in the spring when there were three suicides. The thing is, you do not even hear about this on the news. We feel in our area that because we are tobacco growers we are not quite up there with the rest of the people, and we are kind of discriminated against. That is the feeling.

But things have straightened around for a lot of the farmers now. The ones who could afford to buy the quota and expand did that and they are doing all right now, so the banks are not concerned about them. I hear there is an exceptionally heavy, good crop this year. I do not know what they are going to do with the extra tobacco, but at least they do have a good crop.

Mr Wood: I do not know too much about tobacco, but I see that one of them is from RR2, Mitchell. That is where I was born and raised. I spent about 12 or 13 years on a farm there and I know there were health problems and suicides at that time as a result of different reasons. It is not something new that has come along, but I guess it is more severe now.

Mrs Murphy: Government is people, but I do not think they really stop to think about what it would be like if they were in that situation. You work all your life to pay for a farm, which is your retirement when you sell that

farm. That was the farmer's security. My farm is worth \$1 million. If I could get \$350,000 from it, I would be doing really well. I have not made a living on that farm since 1986. Not only did I put money from my tobacco quota back into it, but I also sold a piece of property I had for \$50,000 and cashed in my RRSPs and all that because trout farming was so good. But, you see, everybody else had the same idea. Supply management, that is important.

Mr Hayes: I would like to respond to that last concern you have about being able to retire with some dignity and being able to keep that family farm, for example, in the family, for the sons or daughters. That is one of the things we are looking at. The minister, by the way, who was here today, has asked me to chair that particular committee on long-term planning. We would certainly appreciate any input you may have on that particular issue, because we really are taking a very serious look at that.

Mrs Murphy: Certainly I will do anything I can. Our farm has been in the family for over 100 years and I would really hate to see it go by the wayside.

The Vice-Chair: Seeing that Mr Hayes has overextended his party's time, I will ask if anyone else from the other side has a quick question for you. Hearing no one, I wish to thank you very much on behalf of the committee for your excellent brief and for the way you answered the questions. They were very clear and forthright. You gave us a real experience of what you have faced personally and I thank you for that, because we do not always hear that type of answer. When the recommendations have been finished and the package has been finished, we will forward one to you.

Mrs Murphy: Thank you very much. I have some copies of a news item. There are four here. It is really quite good. I just received it in the mail yesterday, if you would like to pass them around.

The Vice-Chair: Okay. At this point I would like to adjourn until Monday afternoon following question period.

The committee adjourned at 1730.

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Agriculture funding

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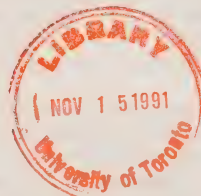
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Journal des débats (Hansard)

Le lundi 7 octobre 1991

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Subventions aux agriculteurs



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday 7 October 1991

The committee met at 1530 in committee room 1.

AGRICULTURE FUNDING

Resuming consideration of the designated matter, pursuant to standing order 123, related to the state of emergency and the income crunch in Ontario agriculture.

The Chair: I would like to make note, just for the sake of consistency, and knowing that a representative of the whip's office is here to not only hear this but perhaps read it once again later, that there is still orange juice being served on the side table. I guess orange juice in itself is not offensive, but it seems to me that Queen's Park could take leadership in making sure that the produce we grow here in Ontario is the produce that is provided to visitors and to staff and to participants in these meetings by way of refreshments. It is just a darn shame that we could not show more leadership in that regard. Perhaps the whip's office could use its resources to do something about that.

ONTARIO GRAIN AND FEED DEALERS ASSOCIATION

The Chair: Gentlemen, thank you for coming from the Ontario Grain and Feed Dealers Association. We have 30 minutes. If you would please tell us who you are, and then spend perhaps no more than the first 15 with your presentation so we have plenty of time for questioning and conversation afterwards.

Mr Thompson: Thank you very much. My name is Wes Thompson. I am currently president of the Ontario Grain and Feed Dealers Association. I have Jim Cunningham with me, our executive vice-president. We realize that some relief has been provided by the province to producers since our brief was developed and we understand that some federal support is in the works. However, we wanted to go through our presentation.

We welcome the opportunity you have provided for us to discuss with you some of the concerns we have as they relate to the deplorable state of affairs in the agricultural community, with particular emphasis on the livestock, grain and oilseed sectors. First, I would like to give you a little background on who we are. The Ontario Grain and Feed Dealers Association is a representative organization for some 580 firms located throughout Ontario that are engaged in grain handling, manufacture and distribution of animal feeds, medicated feed additives and animal health products, and that provide a complete line of products required by farmers in Ontario, including seed, fertilizer, chemicals, fuel, lumber, etc.

During 1990, our member firms handled and marketed in excess of seven million tonnes of grain, and total sales, including grain, feed, fertilizer and farm supplies, amounting to over \$2 billion. We employ approximately 9,000 people and our total industry payroll exceeds \$235 million. Our

association and its members have always felt that the producers require our services in order to survive, and we in turn are very dependent on the producers' business in order for our industry to survive.

For instance, if, as in the case this year, the crop size is drastically reduced due to adverse growing conditions, the results are devastating to the grain elevator industry as well as to producers. As you can well understand, the potential for an elevator to generate revenue only exists when there is a crop to handle. In most cases where crop size is reduced to below-normal levels, the grain elevators stand to lose even more than the producers because, unlike the producers, the grain elevator operators are unable to insure against reduced volume of crop handling.

So we are really here to bring you two messages. Our first is that we do have a very sincere concern for the producers with the situation that exists in the grain and oilseed industry as far as volume of crops and low commodity prices are concerned and the effect that this is having on the producers' income. The livestock producers are also in many cases having a difficult time, even when the low commodity prices are taken into consideration. Quite often a producer who has livestock and grain can feed his grain and come out with a reasonable margin, but that is difficult today as well.

Our second concern is that if the producers are not able to make ends meet, many of our members will be caught without standing accounts for seed and fertilizer which were granted to help put in the crops in the first place. Second, the dealers will suffer from low volumes of grain handle which, in some cases, will certainly not be sufficient for them to allow for payment of their bills and cover their capital costs. In addition, the crops are much drier this year and the amount of artificial drying that will be required this year will be reduced significantly. Drying revenue will be drastically reduced. This does not augur well for the elevator operators who have expended significant capital on grain dryers and on computerized grain control systems which have been installed to save fuel and produce a better-quality product.

We are fully aware of the fact that the price problems in the grain and oilseed industry are not made-in-Canada problems. The major cause is the significant subsidy program being offered by the European Community and the United States. We are told by the producer organizations that the \$93 million being released as an interim payment from the GRIP program falls far short of what they feel is necessary for their survival. The shortage, they say, is \$124 million from what they originally asked for. Our association is not in a position to verify these figures, but it would seem to us that a good deal of work has gone into the development of these numbers and certainly there is a wide gap between

what the producers say they need and what the government was prepared to put up.

In the interests of the citizens of Canada in the long term it is imperative that we maintain a healthy and viable agricultural industry. It would be totally unacceptable to allow further erosion of the industry and to eventually have to rely on imports. History will tell us that we must produce our own food. In order to achieve this, we must look at government assistance in times such as we are experiencing, as a necessity for survival.

Agriculture has been and always will be a very cyclic industry. Unfortunately the cycles have been somewhat eroded due to the intervention particularly of the EC and the USA with their subsidy programs. We do however feel that a cycle of sorts will continue and that when things start to improve in the agricultural sector it will be very important that the producers survive this downturn and that the dealers are there to serve them. Again, we would like to thank you for this opportunity to discuss the matter with you and we applaud the initiative you have taken in studying the serious farm income problem that exists today.

The Chair: Thank you for a well prepared and well said presentation. We have more than adequate time, some seven minutes for each caucus.

Mrs Fawcett: You cited here two main concerns. How does the announcement affect those two concerns? Does it adequately address them? Does it help out? Does it stop people from going under?

Mr Thompson: I expect it is going to make quite a difference. I cannot tell you whether it is enough or where it sits. It is going to make quite a difference. For instance, accounts receivable with members of our association in this past year have increased about 18% to 20%, which means that farmers are looking for longer-term credit than they would like to have. It is going up. We find that producers are making decisions on what to plant based on what they can afford to plant and not addressing the marketplace, and we think that is a real crime. So we were very happy to see some assistance.

Mr Cunningham: When you refer to financing, are you referring to the announcement that the provincial minister made last week?

Mrs Fawcett: Yes, I was.

Mr Cunningham: I think that basically the producers seem to be fairly happy with that in terms of the amount and what is expected from the province. Over the weekend—we were talking about this a few minutes ago—there was a leak that the feds had pretty well put the package together, although it was released by the Ontario Corn Producers' Association to Jim Romahn and it was reported in the Kitchener-Waterloo Record on Saturday that the amount they would be coming up with, together with the provincial amount, would bring them very close to the \$124 million. If that is the case, then that is looking pretty good.

Apparently that was not etched in marble. There were a few little glitches that were to be worked out with the provinces, so I guess our quandary was whether we should bother to come down. But we did want to tell you that we are the other side of that service sector of the farming

community. We are delighted that the farmers are being properly taken care of. I think that is extremely important because they are our customers. We are there to serve them. We need each other, as we said in our brief.

But our dealers are still going to suffer and we are going to have some mortality in our industry this year, there is no question about it, simply by virtue of the drop in the volume of grain to be handled. If you have not got the money to massage, you have not got anything to manage. If you have not put up grain in an elevator, you do not have any income.

The other thing is that there are some elevators that have actually put up brand-new grain dryers this year. Instead of corn coming in today at 24% to 26%, we are looking at corn under 15%, not requiring any drying at all. You put a \$500,000 capital expenditure into a grain dryer and never start it up—there is a factor built in to cover your capital cost, your labour and so on. Elevators need people around to handle the grain at the same time they handle the dryer. It is not there as a great money maker, but you have to have revenue to support the costs of having it there to provide the service when you need it. I would say virtually no soy beans were dried, no wheat was dried this year because of the dry season, and likely 40% of the corn will be dried at levels lower than normal. The rest will not be dried at all across the province, so it is a real impact on members of our association.

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Mrs Fawcett: Almost adding insult to injury.

Mr Cunningham: It is wonderful for the farmers who are getting good yields and dry grain. That is a real plus for them because they do not have the shrink. The shrink is already out of it when they harvest it. And they do not have the cost of artificially drying it to keep it, so it is a great advantage for them and we are delighted from that side, but it is going to kill some of us. That is the problem.

Mr Cleary: In your brief you say, "During 1990, our member firms handled and marketed in excess of seven million tonnes of grain, and total sales including grain, feed, fertilizer and farm supplies amounted to over \$2 billion." Is that all Canadian grain you handled?

Mr Cunningham: Yes, that is Ontario grain.

Mr Cleary: All Ontario grain. Okay, thank you.

Mr Cunningham: Incorporated in some of the feed would be western feed grains, as part of the total sales of feed, but for the grain, that is all Ontario-grown grains of all kinds.

Mr Cleary: Second, you mention in your brief financial problems and everything that goes with farming and agriculture; yet we had the Canadian Bankers' Association in here, probably two weeks ago, and they said they did not feel there would be much more of a problem this year than previous years in collecting their loans. I would just like your comments on that please.

Mr Cunningham: First of all, they are the first guys to grab the security. Do not forget that. They are never in the background on that. They grab the first chunk of security. We love the bankers, and they are wonderful people,

but their security comes first. When we pick up financing, usually it is to help a farmer get his crop in. He has got all the financing he can get from the bank and credit union and everything else, and we put the money out for the seed and the fertilizer and try to take whatever security we can at that time. Usually the banks have section 176 of the Bank Act and all those good things in place long before we come along, and so we tend quite often to get on the tail end. They have been pretty good. We have personal property security agreements and this sort of thing that we can put in place, and if we get them put properly, they take precedent.

But what they may not have looked at totally is that their revenues are going to be down this year, because the crop forecasts have not been appreciably changed yet and you have disastrous prices. Now with these support programs coming along, I think they are likely right, and I think we have a lot better chance now of collecting our money because of the support programs the government has announced. That makes us feel good, but our accounts receivable are running higher now, as Wes said, by 18% to 22% over what they were a year ago, on a survey of our dealers.

Mr Jordan: On page 2 you mentioned the cattle industry is also having a problem. As I understand it, this new money from the government is not going to assist those people particularly. It has been pointed out to me that they pay up to \$1.15 live weight for feeder cattle, and are being forced to sell at 80 cents. Would you care to comment on that?

Mr Cunningham: I guess basically our concern about the cattle industry in Ontario is, where is it? It is like the loony bird: There is not going to be one, just because of the figures you state.

Mr Jordan: Do we just sit by and let it go, or do we do something about it?

Mr Cunningham: I do not know. There sure has not been any money in it in the last few years, and it is a declining business. As those people get out of raising cattle, they are getting into cash crops.

Mr Jordan: Yes, but it is not declining at the counter where you pick it up in product.

Mr Cunningham: Oh, no. No prices go down at the consumer level. Corn is down \$2 a bushel but you do not see pretty cheap corn flakes. Bread has not gone down a whole lot, but wheat has gone down a lot. I think you can take a look at the difference with the farm gate. There was an interesting analogy. One of the farmers who drew a line in the sand the other day up north said that back in the Dirty Thirties you could buy a really good-quality pair of work boots for a bushel of wheat, and today you cannot get a good pair of work boots for a ton of wheat. Those work boots would not be made in Canada today either. He did not say that, but I do. They would be made in Korea or somewhere else. That is scary. That is something you can get your arms around—a bushel against a ton for a pair of work boots.

I guess our concern is, we believe that over the years it has been proper to be able to grow our own food. With the abundant good land that lies outdoors, somehow we have to do that. I think we have to make it possible to do that. There has been a lot of mortality in the farm industry and

the farm sector. I think the farmers left out there today are the best farmers we have had in years and years because the weak ones have gone by the board, so there are damned good solid farmers out there, and they are having a hard time.

Mr Jordan: What we are really saying here is that the farmer who happens to have his own grain might get through by feeding it to the cattle, and come out all right, but the other ones—

Mr Cunningham: It used to work fairly well. It is even tough to do that today. It is tough to grow your own grain and put it through pigs today and make a fair buck. It used to be that you could do that. If you could not market it, you could market it through the animal and make a few bucks on the animal. That is tougher and tougher today too.

The supply control sectors, they are not too bad. You get the feather industry and the dairy industry. Depending on what the outcome of the GATT is, they are not too bad, but they have their concerns. If that article XI goes, that is not going to be the sweetest thing this side of heaven either.

Mr Jordan: Are you resigned to the fact that the beef industry has gone by the wayside and we cannot revive it?

Mr Cunningham: I hate to think it, but it does not look very good.

The Chair: We will have some time at the end, Mr Jordan, in the event that other matters come up that you want to talk about.

Mr Hayes: I guess if it were not for the Ontario Grain and Feed Dealers Association, a lot of farmers would be unable to put some of their seeds in or plant their crops. I noticed you had mentioned there are a lot of outstanding accounts. Do you have a rough figure in dollars what the outstanding accounts of the Ontario Grain and Feed Dealers Association would be, an approximate figure?

Mr Cunningham: We did a study about three years ago and we have not updated it. I have a fabulous memory but it is short. I cannot remember, Pat, but I certainly could dig out some pretty ballpark figures and shoot them down to Tannis, if you like.

Mr Hayes: I would like to have that information, if you could.

Mr Cunningham: Sure.

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Mr Hayes: I talked to one feed and grain operator who told me there are some farmers who are three months in arrears right now. Is that about the norm as far as the length of time is concerned?

Mr Thompson: Normally what happens, Mr Hayes, is that we provide credit for the goods we offer—seed, fertilizer, that type of thing. There has always been a certain percentage, in my short history in this business, who got the products in the spring to put into the ground and said, “When we get the crop off in the fall, we will square up with you.” It is normally an April, May, through to October, November type of arrangement.

The shift we have seen, though, is that of course the days do not change, but the number, the dollar figure, has gone up quite a bit just in the last year. I am sure there will

be a certain percentage who will try to struggle through after harvest. With the support we have received recently, we are hoping that will alleviate the problem, that a fellow can go into a new year on level ground again and not have to carry the burden from this year.

Mr Hayes: Do all the dealers charge the same interest, for example?

Mr Thompson: I do not believe so.

Mr Hayes: What would that range be?

Mr Thompson: It generally runs over prime, that kind of thing.

Mr Cunningham: I think a reasonable rule of thumb would be about 2% over prime. Some would like to charge more. Some of the smaller dealers are paying that much and some of the larger dealers are getting it at prime. I would say that a dealer would likely try to get about 2% over whatever he is paying, and if he is paying 2% over prime, he has to get about 2% more, so that would be 4% over. It is awfully hard to say. It depends too on what you are financing. Some of them will take financing for seed and fertilizer for their spring plantings and plan to pay it out of wheat. If the wheat crop does not come off, it is extended into the fall and then it drags on and on. You can have a crop-out and they wind up never paying any interest at all. You could buy something on the first of the month and pay for it 59 days later and there is never an interest charge put on to the account. If it goes one more month, then there is two months' interest on it. It depends on the timing.

Mr Klopp: You mentioned supply management and a number of factors which are faring a little bit better because they have a bit of a formula in there at the farm gate, not unlike yourselves. You try to figure out your expenses and you need some profit. I do not think anybody minds that. As a person who has been around a lot of these elevators, you need to make a profit. So does the farmer, I guess.

We seem to be blaming a lot of this on the Europeans and the United States—if they would just quit this war, everything would be fine, yet our grain stocks are down as low as they have been since the 1970s. At that time they said, "Produce, produce; commodities; good times are here for ever," and there was profit for everyone. We had a heck of a rally a few years ago with the drought, and the prices went to \$10 for soy and \$4 for corn, and if you hit it right, even higher. This time around it does not seem that the supply and demand is there. My question is, if tomorrow morning the European Community and the United States quit this war—and that seems to be what everybody thinks the problem is—would you see corn and soybeans going up at the farm-gate level?

Mr Cunningham: First of all, you are absolutely right in terms of the pipeline of grain. You are looking at 14 to 18 days' supply worldwide. That is as low as it has been in Lord alone knows when. It is a very tight supply.

Everything would tell us that soybeans should not be trading where they are trading today. They should be trading at likely \$2 or \$3 a bushel. As long as the products are being thrown on to the market and being subsidized throughout the world—for instance, we are competitive on

corn prices today, export, given the countervail duty and anything else. Our prices on corn are lower, low enough to hit the export market, but there is no market there. There should be, very close. If the subsidies go off, who knows? I think it eventually has to go. I am long-term bull. I am talking into the spring. I think prices will go up. I think they have to.

Mr Klopp: Even if they do not come to resolve it in Europe and the United States?

Mr Cunningham: We surely have a lot better chance if they get off that bandwagon. What is a bushel of anything worth today because of government intervention all over the world, including Canada? What is a product worth today?

Mr Klopp: Eighty dollars a tonne for wheat, I guess, because that is what they have to give it for to get it sold.

Mr Cunningham: It seems to me it has to be worth a lot more than that to the consumer when you take into account the cost of producing the product. That is what you are going to get for it. I am asking, what is a product worth when you get all these subsidies thrown in? Supply and demand should sort out what anything is worth. As soon as you get subsidies in there, the whole thing is thrown helter-skelter. I think that is the problem, and it has always been the problem.

The Chair: Mr Klopp, I want to interrupt you for a minute and indicate that first crack at the balance of time should go to Mr Jordan or other people who want to ask further questions.

Mr Jordan: The point you were just making with my colleague regarding the value of the product, has that been studied relative to the cost of production with a meaningful markup that you can function at without support?

Mr Cunningham: Yes, the Ontario Ministry of Agriculture and Food has done a lot of work—and it does every year—on what it costs to produce each grain, each animal. They do fact sheets on that.

Mr Jordan: So what is a bushel of wheat, then? Do you know? What is it?

Mr Cunningham: No, I have not got those figures with me.

Mr Thompson: I think there is a generic number that OMAF uses, but it can vary from farm to farm, depending on a producer's style of production and his overhead. I do not know what the rule of thumb is. It has been so long since we have seen those kinds of prices, it is a phantom thing. Corn, for instance: The cost of production is probably in the order of \$3.25 to \$3.40 a bushel, and today that same corn is trading at about \$2.25, \$2.30, in there somewhere. So there is a huge discrepancy when the average in Ontario for corn production is a little over 100 bushels an acre. They are only losing about \$100 an acre. It is a very discouraging business to be in.

The Chair: Gentlemen, I want to thank both of you on behalf of the committee for taking the time to come to us this afternoon. Your comments have been an important contribution to this whole process. There will be a report prepared by the committee, and I am hoping that you, like

the other people who have participated, receive it as promptly as possible after it is prepared. I wish you well. Have a safe trip back to Cambridge and Blenheim.

Mr Cunningham: Thank you very much. We appreciate the opportunity to be here. Good luck in your deliberations.

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ONTARIO FRUIT AND VEGETABLE GROWERS' ASSOCIATION

The Chair: The next presentation is by the Ontario Fruit and Vegetable Growers' Association. Tell us who you are and please begin with your presentation. Try to restrict yourself to no more than 15 minutes so that we have enough time in the balance of the half hour for discussion and questions and dialogue.

Mr Porteous: Thank you, Mr Chairman. We will start with introductions; first, my colleagues.

Mr Glazer: I am Michael Glazer, with the association staff, executive vice-president.

Mr Forth: I am Ken Forth. I am a fruit and vegetable farmer from Wentworth county.

Mr Porteous: I am Ken Porteous. I come from Norfolk county. I am president of the Ontario Fruit and Vegetable Growers' Association, also vice-chairman of the Tender Fruit Producers' Marketing Board. I currently farm 350 acres of fruit. I am involved with Norfolk Fruit Growers, which markets 20% of the apples in Ontario, and Norfood Cherry Growers, which markets 25% of the cherries in Ontario.

Mr Chairman, thank you very much for the invitation to come before you, and I would also like to thank the members of the committee. We represent 10,500 fruit and vegetable growers in the province of Ontario. You all have the presentation before you, so we will just skim through that briefly and hit the high points. The commodities we represent are listed on page 2, and also the marketing boards and commissions we represent.

We have some specific problems in the horticulture industry that could probably be boiled down to income, income and income. One of the concerns we have is the proposed \$6-an-hour wage rate. We find ourselves in a very difficult position in the horticulture industry. While we do not feel \$6 an hour is probably inappropriate, there is the problem that we do not have income enough to service that wage rate.

When you stop and think about the tender fruit people and probably the fresh produce people in Ontario, 60% to 70% of their expenses are labour, and when many of these industries today are showing red lines, where you get the \$6 becomes a very big problem. We have heard, by way of information, that there may be some sort of subsidy program to compensate the difference for growers; however, we do not know that this is, in fact, the case.

One of the problems we have is the fact that our competition in the United States and in Latin America have very different wage scales than we do. One of the problems that I have, I guess, in regard to the Latin American wages that we compete with, is the fact that we import product into Ontario and sell it in direct competition with

ourselves. We talk about social justice, we talk about a \$6 minimum wage, and yet when we import this product and consume it in Ontario, are we not, in fact, supporting repressive societies? We have a little problem with this.

In turn, with the American situation, where they have a reported minimum wage that is relatively close to ours, we have the problem that it is not enforced. We have the problem of illegal employees in the United States. It is very difficult to prove these kinds of things, but we know they are going on. It is a fact that they are going on, but when you try to send someone into the area, very few people will talk about it.

Another area that we are concerned with is crop protection and food safety. We have to compete with our friends across the border, where we have a free trade agreement. One of the key planks in the free trade agreement was harmonization of pesticides. We find they have pesticides available to them at a cheaper price, and also pesticides that are unavailable to us. I can give you an example of the pear industry that is on the verge of extinction because of a problem called pear psylla. In Canada, we cannot use a product that will control pear psylla, but they use that product in the United States. If you eliminate the pear-growing areas of Canada—it affects BC as well as Ontario—you will still consume amitraz, if you consume pears, because any pears that are imported into Canada have been sprayed with amitraz.

The other thing in regard to sprays and so forth is that I think growers themselves are very conscious of the environmental issues in regard to sprays. A considerable number of growers that I am involved with, at least, are enrolled in pest management programs that do tend to reduce the use of pesticides. After all, growers are one of the main beneficiaries in the reduction of pesticide usage, because pesticides cost a considerable amount of money. Anyone who can reduce their operating costs, I am sure, would be happy to do so.

The next heading is "Government's Commitment to Agriculture." This is a very real concern for us. In Canada today, I understand that the basic subsidies for all of agriculture are equivalent to the subsidies for the Toronto Transit Commission. Also, while we were grateful for the \$35.5 million announced by the minister the other day, it is equivalent to roughly half the interest on the Dome. That puts agriculture in the proper light in comparison with our emphasis on other areas. If we cannot maintain our agricultural industry, we will become a second-rate country. In fact, I doubt we will exist as a country if we cannot feed ourselves. I think that is a primary goal that should have much more emphasis placed on it.

The interesting thing is that most growers are very self-sufficient, self-reliant, and believe in the free-enterprise system, as was demonstrated by the previous speaker. We do not wish to gain our income from subsidies, but rather would prefer to gain it from the marketplace. We find in the free trade agreement with the United States—I will use the cherry industry as an example—if the 2% overproduction in the United States, 2% of their total production, is dumped into the Canadian market, it is equivalent to all we produce. That is difficult to compete against.

We are concerned today with a crop insurance program that does not fit the needs of the agricultural industry. We are concerned about marketing issues. We are concerned about trade policies—interprovincial, for example, when broccoli that is produced in Quebec sells for \$8.50 on the Montreal market and yet sells on the Toronto market for \$6. We are concerned about interprovincial trade. In fact, if it is selling for \$6 on the Toronto market, it is actually being dumped if it is worth \$8.50 on the Montreal market. Not only this, but try to sell broccoli on the Montreal market; you will not be able to do it, simply because the Quebec government gives support to agriculture.

Try to sell McIntosh apples during the season when they are being produced in Quebec. You will not get into that market; they will not allow you in. They will not allow you in because of restrictions? No, the chains will not buy because of pressure from the government. That is the problem.

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We do not have free trade within Canada. It is very difficult to have free trade internationally when we do not have free trade in our own country. Some solutions to the problems: third-line bridging finance for commodities experiencing depressed market prices; an enhanced net income stabilization account program for horticulture, which we have been discussing with the safety net committees; a perishable horticulture safeguard relief mechanism; harmonization of crop protection materials; and international trade and border decorum. Border decorum simply means a restriction of border crossings and tighter border control, because we—meaning the industry—have found product that has been imported illegally. I understand full well that the federal government has control over border points, but the province could do something in regard to putting pressure on them to enforce border points.

We touched on harmonization of crop protection materials in regard to amitraz. One of the biggest problems we have is that three federal government agencies control crop protection materials and they have difficulty speaking to one another, let alone coming up with a common policy. Each one guards each area jealously and as a result, producers in this country are suffering. One of the main things that could happen to make us more competitive with the Americans is to have harmonization of crop protection materials.

Whether or not you are a supporter of free trade, the deal is in place. We have to make sure that it is fair trade. We do not really have an objection to the deal as it is, except for the fact that it is not fair to our growers.

Thank you, Mr Chairman, for your attention. We would entertain any questions now.

The Chair: Thank you. We appreciate the compressed way in which you have presented your submission. It allows that much more time for comments. I should note that Norm Jamison is present this afternoon. Although not a member of the committee, he has taken time to attend because of his long-time interest in agriculture. Of course everybody here knows about his enthusiastic advocacy on behalf of farmers. We have six minutes per caucus available for questions and conversation.

Mr Jordan: Moving to some solutions to the problems you have identified, and referring to third-line bridge financing for depressed market prices, I would be interested in your enlarging on that, because it would seem to me that it affects the whole agricultural problem, whether it is beef, cash crop, or whatever.

Mr Porteous: Yes, you are absolutely right. Horticulture is really no different than the other products that are produced in this province and in fact in this country. We hear a great deal these days about grains and oilseeds. At times we think we in horticulture are a forgotten group. In fact horticulture has more farm-gate value in seven out of the ten provinces. There are only three provinces that have more farm-gate value in grains and oilseeds than in horticulture.

Regarding third-line bridging finance for commodities, I believe the Ontario Federation of Agriculture has come up with a figure of \$124 million as necessary for a third-line defence situation in grains and oilseeds. We in horticulture have talked in terms of between \$70 million and \$100 million.

Mr Jordan: And this bridge financing, are you looking to government for this?

Mr Porteous: Yes.

Mr Jordan: Because it is going to be known as bridge financing, are you looking at some fixed interest rate over a period of time to carry you through?

Mr Porteous: That is one possibility. There is a need for stabilization of the industry. Fixed financing would certainly help, although that is less of a problem today than it was, say, a year or two ago. However, in a couple of years we could be back in the same position. That would be a long-term sort of thing we would benefit from. We consider third-line defence financing to get us over this immediate problem, because there is a horrendous cash flow problem out in the countryside.

I do not know if the members of the committee are aware—it is something we do not like to talk a lot about—there are people actually committing suicide on farms today because of finances. The problem is so great that by next spring, I venture to say, we will lose a good percentage of the growers in the horticulture industry. The need is for immediate financing. It is hoped that the federal government will come in and match the \$35.5 million that was announced, but who knows?

Mr Jordan: You see also that the proposed change in the labour rate is going to have a real, significant effect on your operation.

Mr Porteous: That is right. I personally would like to compete with Stelco, General Motors and all the other industries in hiring labour, because the quality of labour we get is not nearly as good as we need and the reliability is not as good as we need. However, we have an income problem: People are going broke on the farms today paying the present labour rate. How do you improve that?

On the other hand, if you really are committed to an increase in the standard of living of people here, when you allow importation of food that is produced in countries where people are getting \$3.50 a day, are you not condoning that kind of thing by allowing the importation? We all know

that if the consumer is given a choice between buying cheap imported food and cheap Canadian food, we will lose every time if the imported food is cheaper. All you need to do is look at cross-border shopping with the illusion of cheaper food to see what is happening.

Mr Jordan: Yes, it is an illusion.

Mr Porteous: I have heard the figure that there is \$2 difference in a \$100 food basket of basic necessities. But people talk about milk being cheaper in the US. This is one of the things they hold up consistently. If you look at the deplorable conditions the dairy farmers in the US are in, the only thing people are doing is importing poverty. They ask, "Why can't I buy my food as cheaply as I do in the US?" I respond, "Why don't you go live there?"

Mr Klopp: Although I am not a food and vegetable grower, a lot of my family members and cousins do this work. I have gone there a few times and worked. One of the things that has really hit me over the last couple of years, and now as a member of Parliament, has been that I have had farmers who I thought were doing quite well in the vegetable business come up to me and say, "This year the bank's calling my loan." It makes you think a lot, hearing the other side of the story.

I asked one farmer where did he go wrong. He said, "Ten years ago you couldn't go wrong." He is a hard worker; he worked long hours and did everything right and had a few bad years. "We deal with the weather but we're willing to live with that." I asked, "What really started to go wrong?" He made the comment that when he first started he had 18 different stores he went to. They were not all owned individually, but there were 18 different store managers and about four or five companies, chains. He was allowed to deal with them. He made his own price, and sometimes they could deal.

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But over the last number of years those 18 stores are now owned all by one company, and those 18 store managers said: "We can't deal with you any more. You have to go to our central house." I am all for free enterprise; it is a great, wonderful thing. I am also for Santa Claus, but I found out after I was married that I have to buy the toys for my kids, as Santa Claus does not come down any more, which I am all for doing. He found out that with only one buyer they gave him a choice between this price, this price and this price, otherwise goodbye, because they import it. So then he tried to work in that deal and, as we can see, the proof is in the pudding. This year he had to refinance like a son of a gun.

You made a comment that the retailers are having resistance. My sense is the consumer wants a Canadian product. My question to you is: Do you think that we have to, as farmers, take on these conglomerates, get our own business and work at it, or what?

Mr Forth: I do not know how we start to take on the big conglomerates. Broccoli, for instance, is selling in Quebec at \$8.50 and they may be selling the same broccoli in Toronto at \$6.50. This year we said, "Send a trailer load to Provigo in Montreal for \$5. Let's show them what is going on." They said, "That's fine. You can send it up there for

\$2 but they're not going to take it because the chain stores in Quebec have an allegiance to their Quebec farmers."

The chain stores in Toronto, by and large, have an allegiance to themselves, and they will buy wherever they can buy cheapest. We had a presentation when Mr Buchanan was in Essex a couple of weeks ago, by Zehrs. They will buy Canadian produce as long as it is as good and as cheap as imported produce. That is where our problem comes in. With all the different costs we have, in this province especially, we cannot compete with our counterparts in the United States especially.

I will name some of the things that have happened to us. You said, "What went wrong on the farm?" What went wrong on the farm was, we were done in slowly: Workers' compensation rates went up. We took it. Employer health tax came along. We took it. All of a sudden those little \$2,000 costs on my farm became \$30,000 or \$40,000 total at the end of the year—fuel tax, property tax, all those things that were beyond my control—and now we are being asked to pay more on the minimum wage.

The statement has been made by your government that the change in the minimum wage will have a minimal effect on agriculture. A lot of people do not realize that the horticultural industry is so reliant on labour. I know you can run a 2,000-acre or 3,000-acre corn farm or a grain farm with two or three people, or some farmers do it themselves. But on a horticultural farm such as mine, which is a medium-sized horticultural farm, our labour bill every year is \$300,000. If the wages go up 20%, it does not sound like a lot of money, but it is a lot of money to me. It is \$60,000 that will not be there at the end of the year, and that is where we find ourselves in Ontario right now. Any little cost is the cost that puts it below the red line.

Mr Hayes: I will ask one short question. Dealing with pesticides, you are saying that the approach to registration and licensing has worked well in the past but can be improved upon. Can any of you make that recommendation to us so we can take a look at it, just what we should do as a government? What improvements really should be made?

I know that you are faced with a situation where there is produce coming into this country and you are not allowed to use the pesticides at the same time. But I do not think the answer is really to say, "Let's use the same pesticides," if it is detrimental to people's health. We should not allow those commodities into our country with the pesticides that the farmers here are not allowed to use, and I agree with that. I just wonder, what do you think we should do? Do we have to have legislation or is it just cleaning up or a house-cleaning kind of thing that we have to do?

Mr Porteous: It is a very long and scientific answer. In the case of amitraz, for example, the reason they do not want to register it is that they claim it is hazardous to the operator. They asked them to do tests on it, one or maybe two applications. They did six application tests, and then they suggested that it was dangerous to the operator. Some of the products that you have to use because you have not got amitraz, such as Guthion, are also dangerous to the operator, and probably if they had to meet the same criteria today would not pass either.

There is no residue problem with amitraz. It is not harmful to the consumer, but it harmful to the operator, they say. Surely, if you are an operator, you should be taking precautions to protect yourself against this sort of thing. We have some responsibility for ourselves. This is where government steps in many times and says to us: "This is dangerous for you. You shouldn't use it." Okay. Give us the precautions, and we will take them.

For example, we have a problem with leaf miner in apples in Ontario. The reason I talk about these thing is that I am familiar with them. If we apply Dimilin to apple trees, we can eliminate the problem of leaf miner. It has been registered in Europe for 13 years. It has been registered in the United States for a couple. We cannot apply Dimilin in this country so we have to use other products and, as a result, we come along midway through the season and we find that we have leaf miner problems and we have to use Lannate.

Lannate is one of the most deadly chemicals that we have at our disposal. It is not operator-friendly at all. In fact, it kills everything you spray it on, but you only do this because of the fact that the infestation of leaf miner is so bad you are going to lose your crop. It is expensive, and you have to apply something. When we do that, we kill the predators, so then we have to come in with two sprays of miticide. If we had Dimilin, we would eliminate the use of Lannate plus two sprays of miticide, but we cannot get Dimilin registered because it is not operator-friendly.

I fail to see the logic. It does not make sense. It is costing Ontario producers money because we have to compete with people who can use it, it is costing the environment because of the fact that we have to use extra sprays, and at the same time they say, "The reason you can't use it is because it's not operator-friendly." But Lannate certainly is not operator-friendly and probably could not be registered today if they were applying to have it registered.

One of the things that we see is that where there are proven statistics, proven figures in the United States where they have to register these products, we could simply take their statistics, and if they were satisfactory, we could adopt that standard. The problem we have in this country is that it takes as much money to register some of these products as the companies can get back in profits over many years because of the fact that we do not use a great volume of product in this country. That is part of our problem in the registration process. The companies have said simply to us: "Forget it. Who needs it?"

I will give you an example of what has happened in the apple industry that has cost me personally thousands of dollars. That was the elimination of Alar. Alar has now come up with a clean bill of health. Why did they cancel it? Because somebody screwed up. The figures were wrong. They were taken to an emotional public who are concerned about their food and safety of their food, and rightly so; but they took some figures that were wrong and now we have had the banning of a product that has been very useful in terms of storability, ripening ability and preventing drop of apples.

As a result, who has suffered? The growers have suffered. They have suffered to the extent that in the States there is a lawsuit going on at the present time with 60 Minutes for airing false information. This is the kind of thing we have to deal with, and we will probably never have Alar again because it is an emotional situation and nobody is going to accept it.

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Mr Cleary: One of the things I was going to touch on was pesticides, but that has already been discussed thoroughly. Last spring I spent some time out in some of those areas talking to some of the different growers. They led me to believe last spring that just a few cents' increase in the minimum wage would be enough to put them out of business.

Mr Porteous: I think it has gotten worse. Something that looked like a reasonable crop in July has turned into a kind of disaster this fall, not because of government policy or anything, but simply because of the weather. This is what we face, and few consumers realize that today you can have a great crop and tomorrow it is nothing. We do not have the kind of profit margins that we can fall back on. This is why it becomes so necessary to have improved crop insurance programs and so forth.

Mr Cleary: The asparagus growers mentioned that to me. The other thing I wanted your comments on is, as everyone knows, the loss leader on cross-border shopping is gasoline. I know there have been comparisons done on \$100 worth of groceries on the American side and on this side and we are within a dollar or two, but gasoline is the one that puts them over the top, to get their gasoline at half the price or less. I would just like your comments on that.

Mr Porteous: If we are going to be competitive, we have to buy gasoline at the same price anybody else does.

Mr Cleary: You said in your brief that you were in favour of tighter border controls.

Mr Porteous: Yes.

Mr Cleary: I agree totally with that. I know there are some areas that will be very difficult to compete against. I guess we all know that. But out of your 10 groups here, some of them we should be capable of competing against. I would hope that, for instance, potatoes, we could do something there and salvage that particular commodity. I know the Chairman is looking at us because he wants to get on.

The Chair: No, Mr Cleary, you have time for another question and then Mrs Fawcett has a question.

Mr Cleary: You go ahead.

Mrs Fawcett: Do you still get a rebate of any kind on gasoline?

Mr Porteous: Yes, there is some. I think it is federal. I think it is two cents a litre or something like that. I do not do it, my wife does. I know it is less than it was.

Mrs Fawcett: It is less than it used to be.

Mr Porteous: Yes. I do not know what the provincial is.

Mrs Fawcett: Nobody knows?

The Chair: That is something we should inquire about and we will have an answer back to the committee.

Mrs Fawcett: Because if we do provincially, it is obviously not enough.

The Chair: Notwithstanding that, we have undertaken to inquire about that and report back to the committee.

Mr Klopp: If I remember, a couple years ago the provincial part of it was, you signed that it was for farm use. You did not get the rebate; it was automatically taken off at the farm pump.

The Chair: Let's find out. That way we will know. Anything else, Mrs Fawcett?

Mrs Fawcett: Not right now. I think everything I was going to question has been covered. I appreciate that you are in dire straits. Crop insurance is something I am wondering about as far as you people are concerned. I remember that was a concern last year and I assume not much has happened to change your concerns.

Mr Porteous: There have been some changes. Unfortunately I am not in possession of them at this point, but I understand there have been some changes that are coming down. We are working on that, but there still need to be more.

The Chair: Gentlemen, thank you very much for coming in to spend some time with us this afternoon and for your brief, which was well prepared and stated a number of points very clearly and skilfully. A report will be prepared once all of this process is over and hopefully you will have a copy of that report at least as soon as everybody else does and, perhaps fecklessly hopefully, a little sooner than some of us. Have safe trips home. All of us on the committee appreciate your input.

Mr Porteous: Good luck in your deliberations.

MINISTRY OF AGRICULTURE AND FOOD

The Chair: We are at that point in this afternoon's agenda where we are to hear from the Minister of Agriculture and Food, who is here along with the Deputy Minister of Agriculture and Food, Ms Rita Burak. We will devote the first portion of this next stage to the comments by Mr Buchanan. There will then be an opportunity for people to make points with the minister and pose questions to him and his staff.

Hon Mr Buchanan: I am pleased to be back with you again. This series of hearings of the resources development committee has been especially useful. I believe the presentations made here have brought into sharper focus the significant problems currently faced by the entire agriculture and food sector.

We are still struggling with many of the same challenges I outlined at the beginning of these hearings. Commodity prices continue to hover around near-record low levels, mainly because of the trade war raging between Europe and the United States. Objections by some participating countries in the GATT negotiations still threaten our vital supply management system. We are still also waiting for the federal government to fulfil its commitments to third-line defence programs to help farmers over this very rough economic period.

The Ontario government, however, has not stood still. I have met with many of the Ontario farm leaders and this government has listened to the pleas of Ontario farmers

and farm families. We have backed up our commitment to revitalize the agriculture and rural communities of Ontario with a \$35.5-million emergency assistance package.

As you know, we are directing the funding into five areas needing the most attention. First, we are adding \$11 million to this year's farm interest assistance program. Second, we are allotting \$15 million to grains and oilseed producers, which will equal their premiums under the farm income stabilization program. Third, we are putting \$5 million into the pockets of producers of edible horticultural crops. Fourth, we are distributing about \$1 million to apple, honey, onion and fur producers and negotiating with the federal government for their inclusion under the NISA program. Finally, we are providing \$3.5 million to farmers and farm families experiencing financial stress not only from market prices but drought or other severe weather conditions.

I think the members of the committee can appreciate the importance this government attaches to our farmers and their communities. At a time when we are taking a hard look at our priorities and spending levels in all sectors of the economy, the Premier and cabinet have recognized the need for emergency help for our farmers. Cabinet heard the message from the rural members of our caucus loudly and clearly: Farmers are in need. They need help now. We heard that message from our MPPs in rural ridings and as a government we responded as quickly as we could.

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I was heartened by the positive response we received from the farming and commodity groups. Many farm leaders expressed their appreciation for this government's recognition of the seriousness of the farm situation and for our prompt ability to provide financial support in this time of need. Over these difficult times, it has also been encouraging to see the amount of solidarity among all farm groups. Farmers of cash crops and livestock and horticulture have all banded together. This kind of co-operative spirit is something I really hope continues long after our immediate challenges are over.

What continues to amaze and disappoint me, however, is the inaction on the part of the federal government. I do not think the farmers of this country could make any clearer the dire conditions they are in right now. They and we are waiting for some signal that Ottawa will come through on its promise for third-line defence assistance. Last Friday, the Prime Minister indicated in Winnipeg that an announcement on assistance was imminent. Indeed, there are reports in the farm press that a package has already been put together, but so far nothing is official. I fear the federal government is playing politics with the timing on this announcement. If Mr McKnight has a package to announce, he should do it now. The livelihood of thousands of Ontario farmers is hanging in the balance.

For the remainder of my time here today, I would like to talk about a second issue which is at the top of our agenda: supply management. On the same day I announced the emergency assistance package, I met with a number of farmers and farm leaders concerned with the status of supply management in the General Agreement on Tariffs and Trade. I said to them then, and I reiterate now, that the Ontario government remains firm in its commitment to preserving

the supply management system and fully supports the strengthening and clarification of article XI under the GATT. I know this same message was made to this committee by Mr John Core, chair of the Ontario Milk Marketing Board.

As an NDP government, we see supply management as a fair and efficient way for farmers to earn a decent living from the marketplace. Our supply management system is one that has served our farmers well. The dairy industry has operated for 26 years under it. The system is held in high regard, even envied, by many other nations. However, some signatories to the GATT object to the import quota mechanism we have in place. Import quotas on food are acceptable under article XI when such food is subject to government support programs that restrict its production or sale.

The federal government has sent out disturbing signals that its support of supply management is wavering. In fact, in a recently released paper, Canadian Federalism and Economic Union, Ottawa charged that supply management is an obstacle to dismantling interprovincial trade barriers. I have written to Mr McKnight to express my full support for Canada's balanced GATT negotiating position. I have urged him to reaffirm his resolve and those of our negotiators on article XI. I was pleased to see Mr McKnight reinforce this strategic point in Geneva last week. I might add that I spoke with Mr McKnight on the phone on Friday, again to make my point that supply management was important for Ontario farmers and that we hoped he would live up to his commitment. He verbally reassured me that he would.

Still, the GATT negotiations will be tense. The opposition to our position is great, but I think that with the united front here in Ontario and across Canada we can and must defend the integrity of our supply management system and the mechanisms designed to protect our domestic industry. These are trying times in our agriculture and food sector. There is no doubt about that. We will have to work hard at creating solid, co-operative trade relations here at home so we can continue to compete effectively in the global market. We must continue pressing to alter the way agricultural business is conducted internationally, so our farmers are no longer put at the mercy of the trade practices of other countries.

The Ontario government has made substantial efforts to alleviate the situation here at home. The emergency assistance package, upcoming payouts under the interim GRIP and a pledge to strengthening our rural communities attest to our commitment to the revitalization of this important part of our society and economy. These efforts, together with a strong show of support for our supply management system in GATT negotiations and ongoing consultations among all participants will help us out of this current dire situation. More important, we can forge the ties we will need to build an economically viable agriculture and food system in which farmers, processors and others receive their fair share. Thank you very much, Mr Chairman.

Mr Cleary: Minister, there are a few things that I have been wondering about in your discussions with Mr McKnight. How does he react to all this American produce that is coming in—we will talk about Ontario—from the United States, and also, to the gasoline prices? I know we cannot blame Ontario for all of it, but we can blame it for part of the tax. I have been involved in agriculture all my

life and I know that anything you buy or sell on a farm is moved from one place to another, so fuel does have a big cost in there.

Hon Mr Buchanan: To be honest with you, I certainly have not talked about gas prices with Mr McKnight. I recognize the importance of gas prices. People say that a significant part of the gas price is, of course, taxes. That is a federal and provincial matter. To equalize our gas prices with the United States, from an environmental perspective, might be a mistake. I think there are perhaps other avenues of addressing that concern. I guess in an ideal world farmers have costs and when they sell their products, whether it is grain or livestock, they could show a return or profit for their work, regardless of what the input costs were. That is not the situation we have, of course, in many commodities.

In terms of US produce coming into this country, one of the things we have been trying to do, and that I think is a responsibility of government, is to advertise more aggressively Ontario products, take every opportunity. That is not just government, but all members of this Legislature and farm leaders have a job to do in trying to advertise and promote Ontario produce and show that in many cases it is the superior product.

Recently, the launching of the orchard crisp campaign, for example, is an attempt to promote significantly, with dollars, Ontario produce. I think that is the way to go. Given that we are in a free trade agreement, we cannot stop the produce from coming in. I think promotion is the thing to do. You mentioned Mr McKnight. Maybe the feds have a role to play in that, promoting Ontario and Canadian produce as well.

Mr Cleary: I really agree with you. Advertising is sure working for the Americans. I agree that we had good ads too. But I will just talk about our part of Ontario right now, where the Americans are advertising 67-cents-a-pound turkeys. They are advertising \$1.67-a-gallon milk and bread at a very minimum, something like 19 or 20 cents a loaf. Those are all loss-leaders to get them over there to buy \$150 worth of groceries. Anything that is bought over there that is produced by the Americans is going to knock the tar out of our farmers. I think somebody has to do something. I am not blaming the provincial government for it; I am blaming governments in general. It is not going to get any better.

Hon Mr Buchanan: There needs to be some more work done on the actual savings of cross-border shopping, especially as it relates to food. I have been told, although I have not seen any lists, that people who have done very rough surveys say that if you buy all your groceries in the US, on \$100, after the exchange, you are really probably going to save only about \$2. If you go over and buy lots of milk and cheese and some of the other products that are significantly cheaper, and you mentioned turkeys as well, you can save more than that. But if you buy all your groceries, the saving is not as significant as what they are advertising, and that is not the image that many consumers in Ontario have. They think everything is going to be cheaper over there. In fact, some things are more expensive.

One other point, if I might, Mr Chair. On this issue of turkeys and so on, one of the things I object to and do not want to see us try to move to, is competing with those kinds of prices, whether it is loss leaders or whether it is the milk industry. I have talked to some farm leaders who were visiting the New England states and they talked to me about dairy farmers in the state of Vermont who were receiving food stamps. Now, I do not want to see our farm community trying to compete with an industry for a pricing level that is going to put them on food stamps or on social assistance. That is not the way to go. We have to do some other things, other than try to knock our prices and our producers down to a price that is the same as the milk in Atlanta, for example.

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Mr Cleary: I have a friend who is farming in New York state and he brings his friends into my office—I am right on the border of another province—the same as they bring their friends in from Quebec and tell how we are abusing them in Ontario, and probably we are.

These statistics on \$100 worth of groceries that would run an average household—there is only a \$2 difference buying them in Massena, in our particular instance. That comparison was done by a group of business people on both sides. We have those comparisons, if you would like to see them. I think they are pretty accurate.

Hon Mr Buchanan: I would appreciate that. If that is the one that was done, I received it third hand, by word of mouth. I did not see a hard copy of the survey because it was an informal survey, I understand, but it was in the Cornwall area.

Mr Cleary: Right. That is the one.

The Chair: We have a lot of time left for discussion, so let's be a little bit flexible and perhaps instead of feeling compelled to use up all of the time, rotate the subject to what people might say. That way, as things develop, you can contribute to that part of it. Mrs Fawcett.

Mrs Fawcett: It is good to see you, Mr Minister. I, certainly, along with everyone, welcomed your announcement last week for farmers but, as always, it is never enough. Can you tell us what the holdup is with NISA, or some announcement on NISA? Is it a philosophical problem? Can you just tell us what you want to tell us, and what the holdup is? And then we will try to pick away at the real reasons.

Hon Mr Buchanan: I am starting to feel like the Treasurer does now every day, when people are looking for more. The reason we were not in initially—and I will try not to repeat myself too many times—is that we did not have time to respond to what was a revised NISA program. Originally, we did not go into NISA because we wanted to target the money a little more broadly and, we thought, in a better way. NISA, philosophically, is intended to be a program for people who have money to put away in the good years so they can pull it out of an account in the lean years. That is the intent of a NISA account.

With times as tough as they are now, it did not make sense to me to put money into that type of program. We put \$50 million into interest assistance, rather than put

some in NISA, because we thought we were doing more for those in greater need. Then Mr Mazankowski, who was still the minister, said, "Oh, by the way provinces, if you come in, we will chip in a bonus." He did not give me time, though, to respond. And this is the part of the story that I have said many times: that we did not have time to get in the program because of our budgetary process.

Mrs Fawcett: So it is still under consideration then.

Hon Mr Buchanan: We have said we will participate. We are participating this year. We have announced that we will put money in next year. By doing that, we allow the farmers to get about 3.5% from the federal government this year. Now, if we put in \$18 million—I think it would cost us—the farmers would get another bonus.

The question that needs to be answered here is: Why did we not announce that we were putting \$18 million into NISA this time? It is because it is targeted, and we wanted to do some things for the horticultural people, the apples, honey, onion and fur people. We felt there was a need in some other areas. With the Agricultural Stabilization Act and some other things, we thought we were addressing the grains and oilseed sector. NISA is targeted to those people, so we tried to spread the money around a little bit more. That is why we did not go with NISA in this particular announcement.

The other thing is that Saskatchewan, which was already in prior to the changing of the program, is still the only province that is in. We are not out there being different or trying to be difficult. None of the other provinces have come in even though that incentive is on the table.

Mrs Fawcett: I notice that very often you come out with the figures for assistance a little bit late for farmers. In fact, I can give you an example of one farmer who was eligible for assistance last year when the base figure was \$12,000 gross. Then it was moved up to \$15,000, and he was short \$500, because he did not really know enough in advance. Are you going to come out with those figures let's say before the spring, so that farmers know where they are going when they are planning their overall plans? Is there a hope that we can see some of those figures early?

Hon Mr Buchanan: I think what you have identified is a problem with ad hoc programs. We have had them provincially and we have had them federally in agriculture and in other sectors. The best way to address that is to get away from ad hocery and look at long-term programs, so that what is available this year will be available next year and the year after and you do not have to be looking to see that the criteria or the rules change. In fact, they did change significantly this year.

We tried to target our interest assistance to those who we thought were in greatest need, so that they got a little bit more. Actually, we were expecting to get more money to fewer people, to the ones that needed it the most. To do that, we targeted it a little bit more, we put caps on it, we looked at off-farm income being included. People who have off-farm income also have high interest, but they have a capacity sometimes to pay some of that, whereas those who do not have income have no way of paying it.

We did change some criteria, and I accept that as a criticism, but the best way for us to get away from it is to look at long-term programs. That is what we are looking at doing and what we have been working at over the summer, looking at long-term interest programs that we can announce consultations on this fall. Everybody will know what the criteria are and then we will hopefully get the funding in the spring.

Mrs Fawcett: Do you have up-to-date figures, as gloomy as they probably are, on the bankruptcy rates? Are there trends there? Are you tracking them and are the figures out?

Hon Mr Buchanan: I do not have anything significant in the way of updates, but the deputy might be able to comment on that.

Ms Burak: We are tracking the number of bankruptcies and the number of increased cases going to the federal debt review board and we can provide you with a copy of that.

Mrs Fawcett: I would appreciate that. Thank you.

Mr Jordan: I would like to approach the subject of the proposed increases in electrical energy rates to the farmer. As you know, he is very dependent on electrical energy. In most locations generally, he does not have any option to use another fuel. As I see the proposal to date, he is going to bear the cost of a higher rate per kilowatt hour, because the minister feels that making it more expensive will encourage conservation. I do not deny that it will, but it is going to have a very detrimental effect on the operation of the farm.

I do not think fuel-shifting should basically take place, but that is beside the point. The minister is going to give me \$2,000 to take an electric furnace out of my house and put a gas furnace in, because I am in a location where I do have the option, and then I am going to ask my farmer friend to subsidize me for that in his rate, when he is having trouble already trying to come through with a profit. Have you had communication with the other ministry?

1700

Hon Mr Buchanan: To be honest with you, this is something we have not had a lot of consultation on, the impact on what I would call rural Ontario. You refer to the farming community; I would make that a larger group and talk about rural Ontario and the effect it will have.

Certainly conservation is part of what is being proposed and I think both of us applaud that concept. I guess the challenge that faces me or faces the government as a whole is how do we address some of those concerns that you have raised in terms of the farmer who has no other options. Certainly they are going to be squeezed a little bit into conservation. I think all of us can do more in terms of turning the lights out and unplugging some of the things that we run that we do not need to. But at a time when farmers are under siege for some of their prices, I accept that we are going to need to look at how we counter that for the farmers and for some of the rural people who have no way of converting or conserving much more, although I think statistics show that there is a fair bit of room for conservation. The minister would not be bringing this forward if there was not the feeling that there is, in terms of efficiencies in light, heat, insulation and appliances, etc.

The other thing we have to worry about is covering the cost of what Ontario Hydro has to live with in terms of costs, which is not my field and I do not want to venture too far into that, but that is also part of it.

Mr Jordan: I realize that. I was just wondering if you were going to give some consideration to the farm section of rural Ontario, at least relative to that proposal for increased costs.

Hon Mr Buchanan: On an ongoing basis, we like to look at where the pressures are coming in the farm community. I am hearing from the horticultural side in some cases about labour costs, for example. In some of the other commodities they have drying costs. I remember last fall there was a fair bit of lobbying about increases in field prices for drying corn, etc. I think, as a government, we need to respond to what those pressures are. I would suggest that hog producers probably have as high an electrical bill as any commodity, barring the greenhouse side, although they may have other options for fuel.

I am certainly, and I believe this government is willing to look at where the pressure points are on farmers and respond to where those pressures are greatest. They will not be distributed equally across agriculture. They are going to be targeted in certain, in some cases, geographical areas, in other cases to certain types of producers, and I believe that we as a government will respond to those pressures when they become better known.

Mr Jordan: I have another quick question regarding the beef industry. It was pointed out earlier today that it was pretty well a write-off as far as being a sustainable business in the province of Ontario because of the history of the beef market. But as minister, sir, have you really written off the beef industry per se as something that cannot be directed or assisted to keep a viable business here in the province? We were relating to a few cattle at \$1.15 live weight being sold at 80 cents and so on, just not a business that people can stay in any more.

Hon Mr Buchanan: No, we certainly have not written off the beef industry. In fact, we need to look at ways of supporting and enhancing the beef industry. Perhaps in the past we have not been competitive, if I could use that word, with the Alberta treasury, which has seen fit to subsidize very heavily the beef industry in Alberta in an attempt to shift part of that industry that used to be in Ontario to the western provinces and especially to Alberta. I am not willing to get into a bidding war with them, but we as a government do have to be concerned about the future of that industry.

I certainly have talked to many farmers about loading cattle and recognizing every one that got on the truck was another \$50 that they had lost, or another sizeable dollar that they had actually lost. We all know that you cannot go on in any kind of business when you are losing money. So we need to look at ways of doing that.

The farm-fed grain issue which is under the net income stabilization account and the gross revenue insurance plan, two things that I lobbied hard for at the first ministers' meeting I attended—because that was not as big an item with some of the other provinces as it was with us—were

have already attempted to include them in some of the programs; but I accept the fact that it is an industry under attack and it is going to need some support in the future.

Mr Wood: I know for a fact, having a brother and one sister who are still farming in southern Ontario and some nieces and nephews who are farming, they are quite pleased with the announcement that you brought forward of the large amount of money for the rural community and the farming industry.

We have just listened to a presentation from the Ontario Fruit and Vegetable Growers' Association; they made some comments that there is a type of dedication or commitment on the part of some of the chain stores and other stores in other provinces, particularly Quebec, that even if the prices are a little bit higher coming from the farmers, they will buy the produce and market it and sell it in the province of Quebec, whereas in Ontario that is not the case.

If there is a product from outside the country that can be put on the shelves cheaper than they can get it from the farmers in the province of Ontario, they will do that in the province of Ontario. That does not happen in the province of Quebec, and maybe it does not happen in some of the other provinces. It might be a dedication on the part of the chain stores and other stores that are marketing it.

I am just wondering, Mr Minister, if there is something we can do through publicity or through some type of legislation to encourage the marketing of Ontario produce in stores in the province of Ontario. I am sure this would help some of the concerns they mentioned about the labour rate going up. If the labour rate is going up, maybe they can get a higher price by not having to compete with produce coming in from outside the province, outside the country.

Hon Mr Buchanan: One of the things we have now is Foodland awards which we give out to various independents and chain stores. They are judged on how they promote Ontario produce in the store. People actually go and inspect what they are doing. They also provide pictures. In some cases they were asked to take pictures of their display at different times of the year. Then in the fall, there are awards given out to them provincially, and I am told this is a coveted award. I was at the luncheon last year and there was amazing attendance from all across the province. There were even people from Dryden who came down to accept this award so they could hang it in their store. It was seen as something they could hang proudly in their store.

We have had meetings with some of the chain stores and are working with them to encourage them to purchase Ontario produce when it is available, even if it is a little higher, and to promote Ontario produce. I can tell you there is some receptiveness to that.

When you compare us, however, with Quebec I think there is a little bit of a problem because there is much more of a cultural identity there, and we know from talking to other people that there is much more of a loyalty in that province to consuming food, and other things I might add, produced in Quebec. We are not as loyal in Ontario to our own manufacturing sector, nor are we as loyal to our own food sector. We have a job to do, all of us, in terms of educating people and trying to promote Ontario food.

If I might reiterate a little story that I heard from a friend of mine on the weekend who told me that his wife had seen the Foodland ads for tomatoes, which I am sure many people have seen—he said she is not a very political person, but she went into her local store and asked the produce manager if those were Ontario tomatoes, and when she was told no, that they were not, she did not buy them. She went down the street to another chain and asked the same question to make sure she was buying Ontario tomatoes. The impact was because of the advertising.

That is just one small story in a small town in Ontario, but I think it makes the point that we have to educate people in the importance of this, and that they should be looking. If they get that message to the retailer, the retailers then, because they are interested in the bottom line, are going to be wanting to get more Ontario produce in their stores. Through that process of education I believe we can achieve a higher level of consumption of Ontario produce.

1710

Mr Wood: Thank you very much, Mr Minister. I am pleased that we are making an effort to promote Ontario goods. As the saying goes—it goes back a number of years ago to when I first went into the workforce—buy Canadian and promote Canada. We should be doing the same thing in Ontario.

Hon Mr Buchanan: I certainly think we need to do that in food and other products as well.

Mr Klopp: You are doing a great job.

Mr Cleary: Getting back to the beef industry, you know that farmers, not being able to compete and make a profit in the beef industry, are getting rid of their cow-calf operations; they are trying to plant cash crop which is just adding to the problem. One thing that used to work reasonably well, in my opinion, back a number of years ago was this \$1.25 an hour they had for agriculture to hire students or to hire people on social assistance or whatever it might be.

I would be the last one to suggest that the farmers should have any more paperwork. If there were some dollars involved there, \$1.25 an hour or \$2 an hour for some of these crops, like in the presentations that were made earlier today like asparagus and those, it might soften the problem a bit.

Hon Mr Buchanan: Yes. We certainly know that there are a lot of people unemployed out there and they are receiving different kinds of assistance. I take it from your comments that some of that money could be redirected into assistance for farmers for employing people. I certainly have no problem at all with that. The challenge is to find a mechanism that works and, as I think you pointed out, not create a lot more paperwork for the farmer. That is a challenge that we face and something that I have indeed been thinking about as I from time to time hear about the increased labour costs in certain sectors of agriculture. Usually they are beating up on me because of increases in the minimum wage.

But I think there is something to be said for looking at how we can provide employment on farms and maybe give some of these people some training as well. The farmer could be involved in getting people interested in

agriculture again. I have no problem with that. I think it is far better to do that and provide a useful service to produce food than to just let those people waste away without any work experience.

Mr Cleary: I think you are right to try to get them interested, because the age of the farmers in some counties is getting pretty high. The young people are moving away and we get up to an average of 45- or 46- or 48-year-olds trying to farm.

Hon Mr Buchanan: The other thing I would add though is, I have talked to some farm leaders and other farmers who tell me that it is difficult to get people to work on a farm at any price. That is why we have the offshore program for the harvesting of many of our crops. A dairy farmer in eastern Ontario in fact has told me how difficult it is to get a farmhand to work on a dairy farm. I think he was looking at paying something in the neighbourhood of \$8 or \$9 an hour. That is what he was willing to pay on kind of a salary basis, and he was having trouble keeping someone on the farm on a regular basis because that was not enough money and they were looking at doing other things.

So we have two problems: The work is difficult and it is hard to get people to work on a farm. But I think we need to continue to try to address that problem; otherwise, we are going to lose all the young people from farming and we are going to eventually start losing the farms and the farmers.

Mr Cleary: Just getting off the subject a hair there, back a number of years ago there were some people on the back road to me who tried to operate their farm. Their family had gone and they were 70 years old. Haying time was coming and the owner was interviewing a lot of young fellows. A young fellow said to him, "Yes, I'll come and work for you, but I only run the machines."

The Chair: I thought you were going to ask how European jurisdictions, especially, deal with that same phenomenon, and whether the ministry has any familiarity with that. I thought you were going to ask that.

Hon Mr Buchanan: Are you asking that now?

Ms Burak: I have not been authorized to do any out-of-province travel on this topic. We have done some research on the specific issue of labour rates and there is a study under way by the Federal-Provincial Agricultural Employment Committee, of which a spokesperson from the previous group is a member. So there is some work and some research being done on this subject. Again, when those reports are finished we would certainly be pleased to make them available.

The Chair: I do not think there are any of us who come from farming areas who do not share some dismay at the fact that it is not the factor so much of pay as it is of the nature of the work, be it young people or more mature people. Farmers just have one heck of a time getting people on their farms doing that work, notwithstanding that I did it as a youth.

Mrs Fawcett: The former group of presenters, the Ontario Fruit and Vegetable Growers' Association, brought up the problem of pesticides and chemicals and all of that. Are you working or trying to work with the Ministry of the

Environment to bring a little common sense to that whole area of pesticides and how it really is devastating to the growers when all of a sudden something is banned that other jurisdictions are using, which really puts them behind the eight ball?

Hon Mr Buchanan: Yes. In fact, I believe about a year ago now, the Minister of the Environment was the very first minister I went to see after my appointment, because of concerns that I had already heard. There is a need to work with the Ministry of the Environment. When we get into the environment and we get into pesticide registration and some of those other issues, we get into a federal-provincial jurisdictional concern in terms of licensing. There is a group that has done some work in terms of putting in a task force report on how we can address the whole pesticide issue. Some of it is a matter of getting things registered here in Canada that are available in the US and in many cases are cheaper.

There is the other side of it where no one is really interested in getting something registered in Canada because of the limited size of the market. I am not sure how we address that. One possible solution was to allow farmers to go across the border and bring pesticides back. That is something that is being looked at. Whether or not that will ever be implemented I cannot say, because there is federal jurisdiction, there is provincial and I am sort of almost a lobbyist on the outside.

But I recognize the problems that are being faced. As I came in I heard about Alar. I recognize what happened there and how it happened and what pressure it is now putting on apple producers and that it is causing a financial hardship. I guess from my perspective what I need to continue to do is to work with the minister and try to be as strong a voice as possible for the agriculture and food industry in terms of trying to keep the fruit and vegetable people producing and giving them as much of an advantage as we can.

Mrs Fawcett: I should maybe have asked the producers, but do you have members of their group working with you? Is there dialogue back and forth and good communication there?

1720

Hon Mr Buchanan: Yes. I will let Rita answer that.

Ms Burak: On the report that the minister made reference to there was a very good piece of work done by a federal-provincial task force which comprised federal and provincial officials as well as farmers, environmentalists and others in the pesticides industry. In working up how some of those recommendations would be implemented, we have been working very closely with an organization called AGCare, which comprises farmers, to determine how those recommendations such as the ones the minister referenced could actually be implemented. That is still very much under discussion.

Mrs Fawcett: One concern has been raised, and I wonder if there is any truth to it, that there is going to be a bit of cross-compliance in some of the programs that are going to be available to farmers, that they will only be

eligible if, let's say, they are okay as far as the pesticides they are using or whatever. Is there any comment on that?:

Hon Mr Buchanan: Yes, we are trying to bring the concept to the table when we are looking at new programs. We have not laid out that you do not use pesticides, you cannot use this or you cannot use that. What we have been attempting to do—we have talked to the federal government in some of the programs we worked jointly on—is to keep the concept of the environment up front. We do not, for example, want to be giving money to—I do not want to pick on cash croppers, but we know there is a GRIP program and we know that in terms of having grassed waterways or setbacks from streams, for example, where maybe in the past the farmer has not been plowing right up to the stream, whether it has been fenced or not is another issue, we put something in place which encourages them to plant more acreage, so they plow up the grassed waterways and they plow up right close to the stream to make sure they expand their acreage by doing that.

Those kind of things we believe strongly; that is an example of something that would be in place and not be damaging to the environment. We are not looking at cutting or anything severe in terms of pesticide use or anything, but being basically concerned with the environment, aware of what is going on and being good environmentally, which I think farmers are.

Mr Jordan: I would again like to bring to the attention of the minister that the very specific problem in my riding is not only the beef farming financial condition, but the egg-producing market that they used in conjunction with that. They were able to sell their eggs to the general store, tourists and so on. The information I have been given is that there is a federal grading standard, an egg-grading standard by the federal government, but it is up to each province to enforce it. The information I am given is that your ministry is planning to enforce that come January 1992. It means a real loss of income to the farmers in my riding. I was wondering if you might clarify it.

Hon Mr Buchanan: Yes, I am aware of the concerns you raise. There are two of them in my own riding in Peterborough county which have gotten a substantial amount of press. Unfortunately, the ag rep, who is a provincial employee of course, is the one who delivered the message. I think it is unfortunate that our staff deliver some of this bad news when in fact it is a federal regulation.

My understanding, though, is that we are going to try to work and be effective in trying to do a little negotiating and have some flexibility. The reason this was brought in was for the safety component. I don't know whether you mentioned going to restaurants or not, but in terms of its personal use, there is going to be some flexibility. People are going to be allowed to continue, provided they were having it sold so that it was going to be resold in some way, whether through a corner store or as eggs on a breakfast menu. Those two that would be in place I think are

acceptable to me. Those who are selling to their neighbours and have had customers for many years, whether they were picked up at the farm gate or delivered on a route—as I used to remember selling eggs in town to people—however many customers you have, I think those kind of sales are going to be allowed to continue.

Mr Jordan: They were selling to the general store and the tourist outlets and so on.

Hon Mr Buchanan: Yes. I think it is a matter of having the tourists come to the farm, which I would suggest is an excellent public relations exercise. If you can attract people to your farm to buy the eggs, that will still be allowed, but not through the corner store.

Mr Jordan: I am saying it is a federal thing.

Hon Mr Buchanan: It is.

Mr Jordan: The information they are giving me is that it is a federal standard for the grade, but it has to be enforced by the province and the province can choose to ignore it.

Hon Mr Buchanan: It is like saying the OPP can ignore every other speeder if they wished to. If we are given the responsibility of enforcing the act, then I guess the question you are putting is how stringent or how severe we are going to be. I have told you what my views are.

Mr Jordan: Yes.

Hon Mr Buchanan: So maybe we should just leave it at that.

Mr Jordan: All right. Thank you, sir.

Mr Cleary: You mentioned grassed waterways a few minutes ago. This has been going on for a considerable number of years. Is the Ministry of Natural Resources involved, too, in those discussions about grassed waterways?

Hon Mr Buchanan: I was giving that as an example of something I did not want in a program if I was giving out assistance, which would do anything with a program that would encourage people to start plowing them up and seeding them down with something. When it comes to waterways, if you get any fish in your waterways of any kind then, yes, MNR is certainly involved. I have had the concerns raised by farmers that once you get fish habitat into your farm in terms of waterways, you will have to deal with MNR.

The Chair: Ms Burak and Mr Buchanan, I want to thank you very much for coming this afternoon. Mr Buchanan, I think the committee appreciates your candour in response to the questions put to you. We appreciate your input to the committee process in that regard.

We will begin on Wednesday dealing with the substance of the presentations and discussing the nature of the report that will be made and we are confident that you will act appropriately—what a wonderful phrase—act appropriately upon receipt of that report. Thank you.

Hon Mr Buchanan: Thank you very much.

The committee adjourned at 1728.

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Organization

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday 6 November 1991

The committee met at 1558 in committee room 1.

The Chair: We have a couple of matters. One is the report and recommendation of the subcommittee. There is the matter of Ms Cunningham's private member's bill, Bill 124, and its status. I propose, subject to what people might tell me, that we deal with the subcommittee report first.

SUBCOMMITTEE REPORT

The Chair: The subcommittee report: "The subcommittee met on Wednesday, 27 October, 1991, and Monday, 4 November, 1991, to discuss the committee's agenda. The subcommittee agreed that the committee should consider the private member's bill, Bill 124, An Act to amend the Highway Traffic Act. Consideration on this bill should start on Monday, 18 November, 1991. The subcommittee recommends that advertising on this bill be run and has directed the clerk of the committee to prepare a draft ad for the committee's approval. The subcommittee agreed that groups would have 30 minutes for presentations and individuals have 15 minutes.

"The subcommittee has also directed the clerk of the committee to contact the ministries of the Attorney General, Solicitor General, Transportation, Consumer and Commercial Relations, Tourism and Recreation, Health and Community and Social Services to invite their comments on the bill and on any possible regulation and to supply the committee with any list of potential participants they might have.

"The subcommittee also discussed Bill 118, An Act to amend the Power Corporation Act. The subcommittee agreed to set the agenda so that the week of hearings in Toronto would be between the two weeks of travel. The subcommittee agreed to the draft advertising distributed to the committee, although the sites must still be determined. The subcommittee agreed that groups would have 30 minutes to make their presentations and individuals would have 15 minutes each.

"By majority vote, the subcommittee recommends that the committee travel to Thunder Bay, Sioux Lookout, Timmins, Ottawa, Kingston, Chatham, Guelph and St Catharines."

Ms S. Murdock: Can we run through that again, please?

The Chair: That is the report of the subcommittee. Copies of that report, in particular the list of communities which will be visited, will be made available to the members of the committee during the course of the afternoon.

Ms S. Murdock: I just wondered if we were in a race of some kind here today, or are we still going to 6? Sorry.

The Chair: The subcommittee report is there. There are basically two matters. One is the direction and the agreement of the subcommittee regarding Bill 124, and the other is the recommendation regarding Bill 118. Mr Waters,

do you want to speak to the matter of the direction regarding Bill 124 in view of what happened in the Legislature, by way of reference, during the days prior to today?

Mr Waters: Yes. Since the last subcommittee meeting another bill has been referred to the committee, Bill 126. It is a government bill. Therefore, by the standing orders, it takes precedence over Bill 124. It is my understanding from conversation that the concerns over Bill 126 are somewhat minor and that, if at all possible, they might be dealt with in one afternoon.

The Chair: Can you be specific about that? I want the record to illustrate who is concerned and what that implies.

Mr Waters: Okay. I understand the concerns are from the Conservative Party. The indication is that they can be dealt with in one afternoon. If that be so, I, as a person on the subcommittee and Vice-Chair, am willing to carry on with Bill 124 immediately following that one afternoon, which would mean a delay of one working day for the committee.

The Chair: So you are going to be, at some point, making a motion or looking for a motion from a member of the committee that one afternoon be devoted to the government's Bill 126?

Mr Waters: One afternoon, and after that it would be moved on out of committee, be passed by the committee, and then we would proceed with Bill 124.

The Chair: All right. You are indicating that on behalf of the government.

Mr Waters: Yes.

The Chair: Ms Cunningham will address this, but first perhaps Mr McGuinty ought to address this, if he can, on behalf of his caucus.

Mr McGuinty: I have not had an opportunity to review this with my caucus. I do not have any difficulty, on the face of it, that we proceed in this manner. However, if this goes on longer, what will the implications be?

The Chair: All right, let's hear from Ms Cunningham.

Mrs Cunningham: Thank you, Mr Chairman. Such efficiency.

I agree. I think Mr Waters has stated it fairly. It would be the intention of my caucus colleague Mr Tilson that he have an opportunity to question the minister and the department on the issue of Bill 126. The questions are already on record and he wants an opportunity to get his answers, which were not clearly stated in the House during the debate. That is the specific reason for having it referred to committee.

I discussed this issue with the government House leader just after I talked to Mr Waters. He has agreed—I am sure you already knew this—that one day would be sufficient, if that is what we want. That is what we thought we would get. I would appreciate it very much if in fact

the direction of Mr Waters could be followed and the bill proceed after that one day of hearing.

The Chair: Is there a motion then within the committee with reference to Bill 126? Notwithstanding that we are considering the subcommittee report, I think that is appropriate because it impacts on the subcommittee report. Is there a motion with respect to the time period during which Bill 126 will be considered by this committee?

Mr Waters: I think I know what you want. I move that Bill 126 receive one afternoon's discussion to clear up any misunderstandings and after that be passed through the committee.

The Chair: To make this perfectly clear, your motion means that one afternoon, from approximately 3:30 or soon thereafter until 6 pm, during a House sitting day will be all the time that is allocated for Bill 126 and that upon the completion of that day Bill 126 will be deemed to have been passed, approved by this committee. Does your motion entail that?

Mrs Cunningham: Or simply referred back.

Mr Waters: I want it passed.

Mrs Cunningham: It does not matter.

Mr Waters: To me, the other way means it is going to be referred back and we go into committee of the whole House. I do not want that.

The Chair: Your motion entails the elements I spoke of.

Mr Waters: Yes.

Mrs Cunningham: I think you have to vote to report it from this committee.

Mr Waters: We will consider what the Chair has to say.

The Chair: Perhaps a more generous position you might take in your motion is that upon the completion of that day allocated for the consideration of Bill 126, at 5:30 on that day the Chair will interrupt the proceedings and any debate that is being carried on and shall, without further amendment or debate, put every question necessary to dispose of all remaining sections of the bill and any amendments thereto and that the committee shall vote without further debate and without recesses to call in members until all votes are completed.

Mrs Cunningham: You think that is generous?

Mr Waters: That is very generous.

Mrs Cunningham: I think that is not generous at all. I do not really care, but I do not think that is generous.

Mr Waters: Put it this way: I do not want to see him Christmas morning.

Mrs Cunningham: That is right. That is a good reason. If that is the reason for those tight restrictions on our debate, Mr Chairman, I agree.

The Chair: Is that your motion, Mr Waters?

Mr Waters: I can agree with that, Mr Chair.

The Chair: Further discussion of that motion? Mr McGuinty, is there anything you want to say with respect to that motion, having said what you did earlier?

Mr McGuinty: Again, I have the same concern, and that is that I am not sure, because I have not had the

opportunity to discuss it, whether one afternoon is going to be sufficient. I have no reason to believe it will not be but I cannot commit.

The Chair: Fair enough. I do not know whether that will dissuade any other members on the committee from voting how they anticipate voting.

Mr McGuinty: I do not expect it will.

The Chair: Is there any other discussion of Mr Waters's motion as clarified and elaborated and as put on record?

Motion agreed to.

The Chair: That resolves the matter of Bill 126. Mr Waters, basically there are two halves to the report, the first one dealing with Ms Cunningham's.

Mr Waters: I believe the concern we had over Ms Cunningham's bill was the fact that Bill 126 would have taken precedence. Having that cleared up, I think all this does is delay by one day. I am looking at the clerk to make sure it would delay by one day proceeding with Mrs Cunningham's bill.

The Chair: Is there anybody who disagrees with that interpretation of the course of events as they will unfold? Nobody disagrees.

Mr Waters: The only other thing that could happen that might interfere is if something new and unforeseen comes to the committee. I do not know how we deal with that.

The Chair: Like they repossess the Parliament buildings or the bailiff comes or another government bill, but as things stand now, everybody agrees with Mr Waters's interpretation of how things should proceed? Nobody disagreeing, there is unanimity in that regard. We can then move to the second half of the subcommittee report, Bill 118.

1610

Mr McGuinty: Just for the purpose of certainty here, that means we will start considering Mrs Cunningham's bill on Tuesday, November 19?

Clerk pro tem: Wednesday, November 20.

The Chair: As things stand now, subject to anything else intervening, and I have no familiarity with what may or may not intervene.

Mr Waters, do you want to talk about the second half of the subcommittee report dealing with Bill 118?

Mr Waters: I guess it is up to me at this point to make a motion.

The Chair: Are you going to move acceptance of the report?

Mr Waters: Yes.

The Chair: Did you want to speak to that?

Mr McGuinty: I have my own motion.

The Chair: By way of an amendment?

Mr McGuinty: Yes.

The Chair: Mr McGuinty moves that in lieu of "Kingston, Chatham and Guelph," we substitute therefor "Bonville, Wingham and Rockwood."

So people are perfectly clear, the subcommittee report contains in its final paragraph, "By a majority vote, the subcommittee recommends that the committee travel to

Thunder Bay, Sioux Lookout, Timmins, Ottawa, Kingston, Chatham, Guelph and St Catharines.”

Mr Waters’s motion entails acceptance of that recommendation and the amendment by Mr McGuinty replies—

Mr McGuinty: Kingston, Chatham and Guelph would be deleted from that list.

The Chair: And “Bonville, Wingham and Rockwood”—Bonville mere miles north of Cornwall, Wingham north of Chatham and Rockwood within Ted Arnott’s riding—would be substituted for “Kingston, Chatham and Guelph.”

Please speak to that. I just wanted to demonstrate that I know where these places are.

Mr McGuinty: I appreciate your intelligence regarding geography, Mr Chair.

The Chair: That could be the limit of it.

Mr McGuinty: Bill 118 is, for me and my party, an extremely important bill. I am sure the government members would think the same way. One of the most controversial elements contained within the bill is the element that would allow Hydro to subsidize fuel substitution. In particular, it would mean that ratepayers everywhere would have to pay for those ratepayers who have access to natural gas to complete that substitution. So if I lived in Bonville, for instance, my hydro rates would incorporate the cost of allowing someone in Kingston, for instance, to switch to gas.

Obviously those people in rural Ontario, and that is why you have those smaller communities there as part of my amendment to the motion, are going to have a great deal to say about this fuel substitution element. I think there is an obligation on this committee and on the government to ensure that we visit those rural communities. You cannot apply the old standard that we are just going to go where we normally go, to the larger centres, because it is more convenient. This is a special bill which impacts in a special way on rural communities and on northern Ontario. That is why I think it is essential we make an effort to visit those communities which I have outlined.

I might add that your government has consistently indicated that it is open to consultation, not consultation in some kind of abstract sense, but it is committed to a fair, consultative process. It wants to take the necessary steps to ensure that we hear from everyone, including those who might be against a particular government initiative. We are not making that effort in this case unless we visit those communities. That is it.

The Chair: Does anybody else want to speak to the amendment that is currently on the floor?

Mr Waters: To the amendment: It is my understanding that this committee has in the past, and I assume will on this particular Bill 118, subsidize or assist people in financial need to attend committee hearings. We have done that in the past.

The Chair: Let’s deal with Mr McGuinty’s amendment.

Mr Waters: That is what I am talking about.

The Chair: Fair enough. Go ahead.

Mr Waters: When you look at a situation where, as in Bonville, you are within three quarters of an hour of Ottawa, a major centre, and Rockwood, where you are within eight miles of Guelph—Wingham is the only one of any distance at all—we are going to help these people and we are not restricting them from making it in, so I see absolutely no need to make these trips into these small remote communities, because it is more difficult to get the committee and everyone else there. It is much cheaper and fairer to everyone in the province, so that people can have their say on this bill, with the list we have presented.

Mr McGuinty: In response to Mr Waters’s submission, it is not the same. We should understand that. It is not the same for small-town folk to have to come to the big city as it is for us to go to their community. Unless we make the effort and show that we are receptive to hearing from them by visiting their communities—as an aside, it does not hurt at all to drop \$1,000 or \$2,000 in those communities that this committee is going to be spending; it will not hurt at all in a recession to visit those smaller communities and leave a bit of government money behind. That is not the thrust of what I am after. I think we have an obligation to hear from those communities, and we are not doing that.

The Chair: We are voting now on Mr McGuinty’s amendment. He moved that the subcommittee report be amended by striking “Kingston, Chatham and Guelph” and replacing them with “Bonville, Wingham and Rockwood.”

Motion negated.

The Chair: Prior to discussing the subcommittee report further, Mr Waters wanted to make a motion, by way of amendment to the subcommittee report, regarding the number of days per week that will be spent as the committee visits these out-of-Toronto locations.

Mr Waters moves that the committee follow the normal practice of four-day weeks during these hearings.

You are speaking of Monday through Thursday, inclusive?

Mr Waters: Monday through Thursday.

The Chair: All those in favour of the motion, which is an amendment to the subcommittee report? Opposed?

Motion agreed to.

Ms S. Murdock: Is the order of these cities carved in stone?

The Chair: The clerk—

Ms S. Murdock: The clerk sets that? Well, Tannis, I will talk to you later.

The Chair: We are dealing with wintertime. We are dealing with the north. We are dealing with some communities that are more difficult to get into in terms of flight schedules. The clerk will do her best to make sure the most reasonable schedule is maintained, but obviously she is going to have to be capable of juggling a little bit.

Mr Wood: There is no problem with the north. I travel back and forth every weekend.

Ms S. Murdock: Yes, me too.

Interjection: I heard today there was a road closed.

Ms S. Murdock: I drove through a whiteout in Parry Sound for 80 kilometres.

The Chair: That implies we are flying rather than taking a bus.

Mr Klopp: I have no problems; whatever she wants.

Ms S. Murdock: I will talk to you, Tannis.

The Chair: All those in favour of the subcommittee report, as amended by Mr Waters's motion, please indicate? Those opposed? Subcommittee report carries.

Motion agreed to.

ORGANIZATION

The Chair: I understand Mr Waters might have yet one more motion to make.

Mr Waters: I do.

The Chair: Mr Waters moves that the committee authorize the Chair to approve witness expenses to attend meetings on Bill 118, whoever that Chair might be.

Mr Huget: Is that what we normally do, or have we in the past just waited for a request for assistance? Is this just stepping that procedure ahead a little bit? Is that how I understand it?

The Chair: What the motion does, as I understand it, is delegates to the Chair, whoever the Chair may be, the committee's power to authorize payment. It does not have to come by motion. It is not on record. The Chair would probably be expected to report back one way or another to the committee as to how many applications there were and how many were granted.

Ms S. Murdock: It just saves calling the committee together.

The Chair: Yes.

Mr Wood: We would only be reimbursing them if they request it, where witnesses are coming from. Not everybody is going to be reimbursed.

The Chair: Quite right. But I think it is incumbent upon members of the committee and people involved to let people who are travelling know it is available to them. To hide that light under a bushel is really kind of cruel.

Motion agreed to.

The Chair: Mr Waters, you are going to raise the matter of advertising. Perhaps before making any specific motion, you want to talk about it generally.

Mr Waters: We had some discussion on advertising and decided, I believe, that not only would we do the dailies but we would try to do weeklies throughout the areas we would be visiting. Is that not correct? I have not actually had a moment to have a quick look at what we have here.

The Chair: That is interesting because there is notice of out-of-town hearings as well as Toronto hearings. Are you talking province-wide or restricting it to places where the committee is going to be in and about?

Mr Waters: No. I believe our concern was, if all we used were the big dailies of Toronto when we were going into different geographic areas of the province, rural Ontario reads their weeklies much more than they read the dailies. They read the ads in the weeklies much more closely; they

watch them much more closely. In order to make sure they were aware we were out in rural Ontario or throughout the province, we had asked that we look at these rural newspapers that come out on a weekly basis.

The Chair: Quite right, but what about daily newspapers? You see, the ad is going to indicate that the committee is conducting its hearings in Toronto, Thunder Bay, Sioux Lookout, Timmins, Ottawa, Kingston, Chatham, Guelph and St Catharines. Surely people all over Ontario are entitled to know that the committee is hearing submissions.

Mr Waters: I do not believe the subcommittee at all intended to restrict the ads to the dailies. We just wanted to make sure these weeklies were included in some way.

The Chair: Is your motion going to be that every newspaper, daily or otherwise, be the recipient of advertising? You are quite right: There are daily newspapers and there are a large number of weekly and biweekly newspapers, some monthlies, some trimonthlies across the province. Those would obviously be very difficult because of their publication date. I am trusting you are suggesting that every newspaper in the province be the recipient of advertising.

Mr Waters: I do not think we were going that far in our subcommittee discussions. What we were trying to do was create a balance between the dailies and making sure that we made allowances for some weeklies so that there could be in rural Ontario—

The Chair: Are you prepared to make a motion identifying those?

Mr Waters: I do not know whether it is proper. I would like to see if we could go off the record for five minutes so the three of us could have a quick discussion on it.

The Chair: Mr McGuinty, before a little five-minute break—

Mr McGuinty: I was just going to ask what the usual procedure is. Let's for a moment assume that we could agree this is an important bill, a contentious bill. What would normally be the case?

Clerk pro tem: It really varies committee by committee and the subject matter of what the committee is doing. I think everyone agrees that all committees will advertise in all the dailies, and I do not think anyone here is questioning that. For the French newspapers, we generally go to the weeklies as well because there are so few French dailies. Those two are pretty well standard, and then it comes down to whether you want to do the weeklies as well. I have a listing here of all the weeklies in Ontario.

The total number of weeklies and bimonthlies is, according to my count, 187. I could be off a bit because I counted them very quickly.

Mr Waters: Would it be possible for us to go off the record for five minutes? I do not think there is a big problem, but we would like to talk about it without being recorded.

The Chair: We are going to break for five minutes.

The committee recessed at 1626.

The Chair: We are back on record. Mr Waters moves that we advertise in all of the dailies and all of the weeklies

in the province on this bill. That means English- and French-language.

Any discussion regarding that motion? All in favour? There being none opposed, it carries.

Motion agreed to.

The Chair: Mr Waters, you have a motion regarding the format of the ad, as corrected to comply with the subcommittee report being the accurate list of cities to be visited.

Mr Waters: The information as presented by the clerk and corrected in committee since. I would move that we adopt the draft.

Motion agreed to.

The Chair: There is yet a further matter and a motion Mr Jordan might be inclined to make regarding the form of advertising with respect to Mrs Cunningham's bill. I should indicate that it has obviously been considered only that the committee will meet here at Queen's Park in Toronto for the consideration of submissions regarding her bill. Perhaps you want to move the approval of the form of the advertisement as provided by the clerk.

Mr Jordan: I would so move, yes.

The Chair: This motion now begs discussion regarding the scope and breadth of this advertising.

Ms S. Murdock: Can I get off the committee and appear as a person?

The Chair: Because this is Toronto-only sittings, the issue here is whether you advertise in the Toronto papers or the Toronto papers plus out-of-Toronto papers. If you go out of Toronto, do you do the dailies only or dailies plus all the non-dailies?

Ms S. Murdock: But they drive bicycles everywhere. It is not precluded to even large cities.

Mr Waters: There are also children who are head injured everywhere. There are interested doctors and there is interest on the other side of the discussion everywhere. A helmet discussion is a helmet discussion.

Ms S. Murdock: It is Bill 126 that is going to be one day. There is no time frame on it.

The Chair: That is right. There is no time frame yet determined. The subcommittee was to await the type of response to try to set up a time frame. Perhaps if we took another break for a couple of minutes—if you wanted to call Mrs Cunningham to get her insights.

The committee recessed at 1639.

1649

The Chair: We resume the meeting now.

Mr Jordan, your last motion regarding the adoption of the draft form of advertising for Bill 124 carried.

You are now making a motion, as I understand it, that the advertisement appear in every Ontario newspaper, daily as well as non-daily, that is, weeklies, biweeklies, English-language and French-language. That is in view of the fact that this is a matter of concern across the province and will impact on people in each and every one of those municipalities where those newspapers are read. It will ensure that

the largest possible number of people have an opportunity to be made aware of the hearings. Is that your motion?

Mr Jordan: That is correct, Mr Chair. It is also in accordance with our policy on the previous Bill 118.

The Chair: You are right. It is consistent with the motion that passed with respect to the advertising for Bill 118. Mrs Cunningham, did you want to speak to that briefly?

Mrs Cunningham: As this is going to be one of those pieces of legislation that is going to impact on people's lives, especially children and especially families, I think it is in our best interest, as representatives of the public, to make certain first of all that everybody knows about it and, second, has an opportunity to speak to their local members. They may not want to always make presentations before a committee, but they will want to let their local members know how they feel. So I would be very happy if that could be the direction this committee took.

The Chair: Mr McGuinty, did you want to speak to that?

Mr McGuinty: No, I have nothing to add.

Mr Huget: I would be happy to support Mr Jordan's recommendation that we do what is policy on Bill 118, and that is dailies and weeklies, because I agree it is a very important issue.

Mr Klopp: I also will agree, because in my riding—it has been ironic. I was hoping you would get some stuff from my office. People have been phoning me, doctors and other people in my riding, about the helmet issue. If they accidentally forget because they do not get the London paper, I am going to look really bad if I do not remember who they were. So I think it is better to be safe, and we will get some good news too.

The Chair: Thank you. All in favour of the motion, please indicate. Any opposed? There being no persons opposed, the motion carries unanimously, all parties being represented in the committee.

Motion agreed to.

The Chair: The clerk is proceeding with these ads as promptly as possible to ensure that they appear as quickly as possible.

Mr Klopp: When are we going to start our travelling show, the third week in January? Or is that something you guys decide?

The Chair: The House leaders, who rule our lives, will make that decision.

Mr McGuinty: Mr Chair, I want to confirm that we will be travelling in two separate blocks, one in the north and one in the rest of Ontario. Can we at least confirm that the northern cities are Thunder Bay, Sioux Lookout, Timmins and Ottawa? Will they be done in one separate block?

The Chair: Once again, we indicated at the onset—and I think your comment is reasonable and everybody is nodding their heads—there is no disagreement with that proposition but for the fact that the clerk has to have some liberty to arrange schedules in the most efficient way. But everybody agrees with that proposition that the northern tour, if it can be called that, consist of Thunder Bay, Sioux

Lookout, Timmins and Ottawa and that the southern tour consist of Kingston, Chatham, Guelph and St Catharines, although you appreciate that the proximity of Ottawa and Kingston may blend the two.

The comment is well made and obviously there is consensus.

Mr McGuinty: The other thing is, I am not sure whether we have agreed to this in open committee yet, but are we going to do one week of travel followed by a week in Toronto followed by another week of travel?

The Chair: That is inherent in the report of the subcommittee that was accepted and approved by this committee.

Mr Dadamo: Is this Monday-through-Thursday travel?

The Chair: It has been indicated to be four days a week and the clerk indicates to me that the traditional days when it is a four-day week are Monday through Thursday; the traditional days when it is a three-day week are Monday through Wednesday. So, yes, beginning Monday—once again, subject to any exceptional travel arrangements, about which everybody will be notified and we will try to get some approval.

Mr Huget: I would like to go on record as being in very strong support of Mr McGuinty's point about doing the northern block first or doing it together.

The Chair: Thank you, sir. Ms Murdock, I trust you are moving that the list of witnesses and addresses, that is to say, persons who participated in the committee consideration of Bill 70, be released to the Ministry of Labour?

Ms S. Murdock: Yes.

The Chair: That having been moved by Ms Murdock, is there any discussion?

Mr McGuinty: What are we talking about here, Mr Chair?

The Chair: Bill 70, the employee wage protection plan. The bill was before the committee and a number of persons and organizations appeared and made comments. They are a matter of public record, the fact that they appeared here, but the Ministry of Labour wants an opportunity to communicate with those same people and it is requesting that the list of names and addresses of those people and groups be released to it.

Mr McGuinty: Is that an unusual request?

The Chair: I do not think so. Does anybody think it is an unusual request? Nobody has indicated that they believe it to be an unusual request. Do you consider it bizarre or peculiar?

Mr McGuinty: I do not know. I do not have your breadth of experience, Mr Chair.

The Chair: You are fortunate.

Ms S. Murdock: As I recall, they had mentioned that in the hearings, asking for that information.

Mr McGuinty: I can offer no comment, then.

The Chair: All those in favour, please indicate. All those opposed? No persons were opposed. That motion carries.

Motion agreed to.

The Chair: We meet next on the 18th of this month at 3:30 to deal with Bill 126.

Mr McGuinty: What happens on the 19th?

The Chair: You do what you wish on the 19th, or what your House leader or your leader tells you to. Who knows?

Mr McGuinty: All right.

The committee adjourned at 1656.

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Arnott, Ted (Wellington PC)
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Substitutions:

Phillips, Gerry (Scarborough-Agincourt L) for Mr Cleary
McGuinty, Dalton (Ottawa South L) for Mr Ramsay

Also taking part: Cunningham, Dianne E. (London North PC)

Clerk pro tem: Manikel, Tannis

Staff: Luski, Lorraine, Research Officer, Legislative Research Service



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Legislative Assembly of Ontario

First Session, 35th Parliament

Official Report of Debates (Hansard)

Monday 18 November 1991

Standing committee on resources development

Electronic Registration Act
(Ministry of Consumer and
Commercial Relations Statutes),
1991

Assemblée législative de l'Ontario

Première session, 35^e législature

Journal des débats (Hansard)

Le lundi 18 novembre 1991

Comité permanent du développement des ressources

Loi de 1991 sur l'enregistrement
électronique dans le cadre de lois
relevant du ministère de la
Consommation et du Commerce



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday 18 November 1991

The committee met at 1538 in committee room 1.

ELECTRONIC REGISTRATION ACT (MINISTRY OF CONSUMER AND COMMERCIAL RELATIONS STATUTES), 1991

LOI DE 1991 SUR L'ENREGISTREMENT ÉLECTRONIQUE DANS LE CADRE DE LOIS RELEVANT DU MINISTÈRE DE LA CONSOMMATION ET DU COMMERCE

Consideration of Bill 126, An Act authorizing the Filing of Information in an Electronic Format under Statutes administered by the Minister of Consumer and Commercial Relations / Projet de loi 126, Loi autorisant le dépôt de renseignements au moyen d'un support électronique dans le cadre de lois dont l'application est confiée au ministre de la Consommation et du Commerce.

The Chair: We are dealing with Bill 126. We will first hear from the Minister of Consumer and Commercial Relations, who is gracing us with her presence.

Hon Ms Churley: I actually do not have a lot to say at the beginning. I am sure there are some questions. I think the intent of this bill was actually made very clear in the House. It is more of a housekeeping bill than anything else. There is really nothing very complicated about it. I have various staff people, though, to help me if you have any technical or other questions I do not know the answers to. As I informed you in the House, it is basically the purpose of this act to authorize the ministry to accept information in electronic format. All that will do hopefully is provide faster and more efficient service, and more accurate as well.

I assume what you want to do today is go through this clause by clause.

The Chair: The bill is going to be dealt with on a clause-by-clause basis, but if there are any introductory remarks, we would be pleased to hear them.

Hon Ms Churley: Those are my introductory remarks.

The Chair: Are there any other persons wishing to make introductory remarks?

Mr Tilson: I am pleased to appear before this committee for the first time.

The Chair: It is nice to have you here for the first time.

Mr Tilson: As you all know, all three parties supported the general intent of this bill, and I think we do. Anything that can make the system run smoother, we support. Our concern is as to the overall effect of this bill. I will be interested in hearing the minister speak on what other acts this is going to cover, because it does refer to other pieces of legislation in the bill.

This bill, at least the philosophical part of it, is quite similar to the amendment to the Registry Act in 1984, the introduction of Polaris, which is basically the computerization of the land registry system.

Certain facts appear to have come to light which you as the former minister are aware of, and which I, quite frankly, would like to find out about. I believe, Mr Chair—and quite frankly, I have difficulty looking at you because you are a main participant in this, which is fine. I am sure you will use your usual unbiased—

The Chair: Looking at me? I did my best to groom and be attired.

Mr Tilson: You look beautiful. I am not challenging the beauty of the Chair.

The Chair: Bless you.

Mr Cordiano: I think you can take a picture today. You can pose for one.

Mr Tilson: Absolutely.

Mr Tilson: It is quite obvious what I am trying to do from my presentations made on second hearing. The issue is that I would like the minister to talk about whether this is one of the bills or one of the pieces of legislation that is going to be under this new company called Teranet, which we cannot find anything about. If it is not, I trust there will be agreed-upon amendments to be put forward to this bill to ensure that it will not. If it is, we need to look more at who is going to be running the personal property security system in Ontario. Is it going to be the province? Is it going to be Teranet? Is it going to be another company similar to Teranet or Real Data, whoever we are speaking of?

I have some proposed amendments that I would like the committee to consider at the appropriate time. I also have a motion that I would like the Chair to entertain at the appropriate time. I have made copies of the motion which the clerk could distribute. The intent of the motion, very briefly, is that I believe this matter should go to public hearings, not because we are opposed to the computerization of the personal property security system, but because we are very concerned as to whether it will lead to what I believe is the uncertainty of Polaris.

The Chair: Because Mr Cordiano wanted to make introductory remarks, I will ask Ms Churley to respond to your queries and to any others after those persons have spoken, subject to your wishing otherwise.

Mr Cordiano: I want to make a couple of brief remarks. While it is always good to have the public understand and assess the value or merits of a bill, I do not know that we should go much further than today with this item. I would be prepared to do that if all members of the committee wish to do that. I think we can deal with this bill, which is largely to provide for access to the ministry with respect to information and electrifying that information. They are all good things that need to be done by the ministry, and I would like to see this bill completed and get on with the important work that the minister must do. I pointed out in comments in the House that there are many, many other

pressing issues before the ministry which I would like to see the minister undertake.

If there are any concerns with this bill, we need to ensure that there is access, and security to that access must be maintained by the ministry. The way information is going to flow provides the opportunity for breaches of security. I think that is a concern we have. If the ministry had foreseen some of these possible breaches, then I think there would be no problem.

Following on that is the question of what might happen economically and financially with respect to creditors and priority ratings within the financial and economic information that would be filed with the ministry. Creditors might lose their priority rating if there is a technical breakdown. I think it is one of those very important items which must not be overlooked and can be overlooked very easily.

Those are the only two concerns I have, and I would like to get on with the rest of the bill, if we could.

The Chair: I wonder if the staff people might come up to the microphones, because they may well be able to participate in the responses to these comments. Are there any further introductory comments before we call upon the minister and her staff?

Mr Waters: I would just like to remind the Chair of an agreement that was made at the last meeting we held with regard to Bill 126. It was agreed upon unanimously by everyone from all parties that this bill would be dealt with in committee today and that it would be finished today so that we could get on with the next bill.

The Chair: That having been said and that being an accurate statement, as far as I am concerned, of what transpired at the last meeting, that does not prohibit Mr Tilson from making motions. They will have to be dealt with, however, during the course of this afternoon.

Ms Churley, do you want to respond? Perhaps you could have your staff help us by telling us who they are and indicate which of them are going to help you participate in your response.

Hon Ms Churley: Okay. Would you just introduce yourselves.

Ms Gillespie: I am Gillian Gillespie. I am with the strategic alliance liaison office.

Mr Barrows: Joe Barrows. I am a lawyer with the ministry and I can assist with the clause-by-clause aspects of the bill.

Mr Preager: My name is Peter Preager. I am deputy director of the personal property security registration branch.

Mr Binsell: I am Ron Binsell. I am director in the information technology division and I can help with any information technology questions.

The Chair: Good. Ms Churley, please, if you could address the comments made by Mr Tilson and by Mr Cordiano.

Hon Ms Churley: Sure. If I missed any of the points that were made, please feel free to jump in and help me. I will just establish a few facts that I think are important and will help the committee in determining this bill.

First of all, I would like to say that I know anything to do with technology can be confusing. Also, the whole issue around security and privacy is one that I share with members. I think it is something that we should always bring up and think about when we are doing anything with databases that deal with personal information about people.

Having said that, I would like to add that Teranet and Polaris are not connected to this in any way. I think that is a really important point to make. I know Mr Tilson has a lot of questions on that particular subject and in fact has written me a letter asking a number of questions which we are working on responding to right now. There are answers for all of those questions forthcoming. Polaris—and if people do not quite understand this and want more information, I am sure I can get help from the staff—is the automation of the land registration and mapping system, Ontario, for searching, for inquiring. That is it in a nutshell.

Bill 126 will provide users with an alternative and potentially faster method of filing information that we already get. People will now have the choice. They can continue, and a lot of people will continue, to file using paper. But there are some people who are ready to start filing in this manner and are in fact quite anxious to get on with this. There are several financial institutions right now that are quite anxiously waiting to do this and ready to do it. In fact it is the consumers who will suffer if we extend this for too long, because it is going to help them get the information faster.

This is already a public database, and that is a very important point to remember. There is no change in that. This is a one-way system where information flows in, just as it does now. Information flows to us via paper, and the difference now is that the institutions will file via electronic means, or some of them will, instead of using paper. In terms of security, this system is already open to the public via the paper so there is no real change. That is really the only change.

I want to really stress that there is no relationship between Polaris or Teranet and this particular bill. If anybody would like to follow up on that and clarify some of the points that were made, please do so.

Joe, do you have anything to add? I think there was a question raised over here on priority rating and creditors. Do you have any comment on that point?

1550

Mr Barrows: As you have indicated, this particular database is already computerized and has been since 1976. There is no change in that regard. The only change is the availability of a new method of putting information on that public database which has been public since 1976. The nature and extent of the information being put into the database is not changing in any way. The only thing that is being changed is the mode of conveying that information to the ministry database.

The issue of priority, that is, the relative standing of competing interests, is not really significantly affected by this. What I did hear from Mr Cordiano were two areas of concern, one being the issue of the security of the information in the database. I think his concern is the safeguarding of the integrity of that information. Can that information

be altered or manipulated by someone having the new access that is going to be provided? The second issue I heard from him was, what is it going to cost the ministry to make this new service available?

On the security issue particularly, we will focus on the personal property registration branch, because that is the first ministry program area which will have the technological capability to make this new access available. I will ask Mr Preager to describe briefly the technological safeguards which will be in place. Mr Preager can talk about the issue of costs too. But in a nutshell, those big users of the system who choose to take advantage of this new capability will incur the cost of doing so. There will be no costs to the ministry at all.

Mr Preager: To talk briefly about the security aspect of it, the best thing I can equate it to is—

Mr Tilson: Before we deal with this, are we going to have an opportunity to ask these people questions at the end of each presentation?

The Chair: I will make sure there is as full a discussion of these things as possible.

Mr Tilson: I am sure you will, sir. I am just trying to find out when you are going to do that.

The Chair: Please, there is an answer being made now to the initial issues. I am going to invite you and Mr Cordiano to respond and ask for further clarification once these people have finished their responses.

Mr Preager: To continue, the security aspect of it is covered by the software we run at the data centres. The best thing to equate it to is going to a bank to use your instant teller machine. You have your own security password number that you punch in. It is known only to you and is unique to you. The manipulation of data is virtually impossible via that method. The way the system works is that information is added to the system and kept in a historical file. Nothing is changed around. In the current system today everything is added via paper. The only thing we are doing right at this point is changing the mechanics of how we get that information into the system. We are doing exactly the same thing that we have done since 1976. The only difference is that we are using a different vehicle to get it, through that particular database.

The Chair: Are there any further comments?

Mr Tilson: Perhaps we could start off with the people who have been silent. Ms Gillespie, why are you here? What is your input on this bill?

Ms Gillespie: I think I am here only because of the initial issue of whether Bill 126 had any link to Polaris. It does not. As the minister said, Bill 126 deals with personal property and the Polaris issue is dealt with under land registration.

Mr Tilson: The difficulty I have with what you are saying is that Polaris was introduced very innocently as well. We have an arrangement with Teranet made by the previous Liberal government and a contract which was signed by the Chair of this committee, all—if I listen to them on television at least—very innocently. It appeared to be very innocent. There was no mention of this type of

system when the amendment to the Registry Act was introduced in 1984. In fact, I think it was only two sections. It is all very innocent. You are saying today, Ms Gillespie, that the personal property security system is not like Polaris. But if I read the sections, there is no question that it could. Is that correct?

Ms Gillespie: That Bill 126 could do what?

Mr Tilson: It could be part of the Teranet octopus.

Ms Gillespie: I do not read Bill 126 in that way. It is quite a separate issue. It is dealing with personal property.

Mr Tilson: I am quite aware of the difference between real and personal property. What I am not aware of is the assurance that it will not become part of Teranet. I pick on Teranet because that is the only name I know. There might be another company out there that deals with this sort of thing. Is there anything in this legislation that precludes the Teranet octopus from occurring?

Ms Gillespie: I think the minister wants to respond first.

Mr Tilson: I would like hear from you.

Ms Gillespie: From my perspective, Teranet is concerned with land-related information. That is its area of specialty and what it is designed to do. It is not designed to get involved in implementing other areas of public policy.

Mr Tilson: But for all we know, there is something in this unknown agreement that Mr Kormos has signed that enables Teranet to operate the personal property security system.

1600

Ms Gillespie: There is nothing in any agreement—

Mr Tilson: Have you seen the agreement?

Ms Gillespie: The set of agreements? Yes.

Mr Tilson: Have you seen the set of agreements? I am interested to know there is a set. I thought there was one. But is there a set involving Teranet or Real Data?

Ms Gillespie: There is nothing in the agreements discussing personal property. It is exclusively linked to land registration.

Mr Tilson: Are there sections in the agreements that make it possible for Teranet or Data to operate other areas of the government where information is required?

Ms Gillespie: No, there are no provisions for that.

Mr Tilson: Perhaps the question to the appropriate minister would be, to assure us of that, could you produce that agreement, or set of agreements, as it appears now?

Hon Ms Churley: Yes, as I have already said in the House—and we are working on your questions for you—there is some information that we must get, or you must get, under the Freedom of Information and Protection of Privacy Act. We are working on that and I am sure you are as well.

Mr Tilson: You are sitting as a member of this committee, Minister, and I am asking you—

The Chair: One moment, Mr Tilson. Please, when you ask somebody a question, let them give their full answer. That is so horribly important.

Hon Ms Churley: Just let me say, as has been clarified, no. First of all, this is an enabling bill, right? You understand that.

Mr Tilson: No, I do not understand that, otherwise we would not be here. It is my fear that it is not an enabling bill.

Hon Ms Churley: Bill 126 is.

Mr Tilson: What assurance—

Hon Ms Churley: It is written into it. You will come to it in one of the clauses, that when each act or branch is ready to use the capability, it has to go through regulation in cabinet. Having said that, even if Teranet were in any way connected, you are suggesting—

Mr Tilson: Teranet went through cabinet.

Hon Ms Churley: Mr Tilson, I have not finished answering your question.

The Chair: One moment, Minister, please. The people who work for Hansard are undoubtedly underpaid, overworked and have one heck of a time dismantling these conversations when we overlap. I know it is hard. I appreciate that oft-times it is hard to create that little gap in time that is necessary, but if all of us out of courtesy to Hansard—perhaps not so much to each other, more out of courtesy to the Hansard people and the people who work the keyboards up here—would wait until the other person has stopped before we speak, their job will be easier.

Hon Ms Churley: Even under Teranet and the agreement, it is a 50-50 partnership that the agreement states very clearly—and it is very important to understand this—continues to own, under that agreement, the land registration and the land titles data; so even under that agreement right now and what it is doing in surveying and mapping, the government remains in complete control over that, including the fee structure. That is part of the agreement.

I come back again—and I think it has been answered by the staff and myself—there is no connection; we are talking about two different things here. We are talking about apples and oranges. This will not be included in Teranet. It is making a government service that we already offer a bit more efficient and keeping up to date with technology that is there, the same system and the same checks and balances that already remain within that system. But even within Teranet in the agreement within that other situation, we retain complete, 100% control over fee structures and land registration anyway.

Mr Tilson: All that is very fine, and you know perfectly well that this Teranet system was created by the Liberal government, the Liberal cabinet. It never came to the House. We never heard about it. The first I heard about it was on the TV show where I saw the Chairman of this committee saying he had signed something that was made and cooked by the previous government. What is to prevent a similar sort of arrangement being made with this system? What guarantee can you give me?

Hon Ms Churley: First of all, and I have said this to you before, there are some really serious inaccuracies, and a letter has been written to that TV show. It is unfortunate that some of the scare tactics that were used in that TV show have in fact alarmed you in such a way. What I can

tell you is what I have already said, that there is no connection. There is no desire, no reason, to use that system in Teranet. It has nothing to do with it.

What I think would be helpful to me and to the committee, I am sure, so that we can get to it—because I think we need to get on with this bill—is if you would clarify succinctly just what makes you think, besides big allegations that something weird happened with Polaris, that maybe now there is some secret plan to get this into the same system. That in fact is the wrong premise. You are operating from a premise that Teranet is some big, weird, secret deal that we are keeping a secret. It is true that it started under the Liberals, but this deal, because the scope of it was so large, was well scrutinized by this government, and I mean well scrutinized. Due diligence was done. We feel very satisfied that it is a very good deal.

Any information that does not apply to the Freedom of Information and Protection of Privacy Act has been made public. It can be made public to you again. Packages have gone out, and as I already said, you should be able to get more information under the freedom of information stuff.

There is a third party here and, Mr Tilson, you know as well as I do how the law works around that. They have to give permission to give certain information. That is the way it works. But there is no big secret deal here beyond the kind of information that all businesses have the right to contain in certain situations. There is no secret deal. It is no big scary thing. It is out there for the public. The whole system of calling for tenders was done over a very lengthy period of time. That kind of information is easily and readily available and will be made available to you.

As I said, there was complete scrutiny. Mr Kormos was involved in it earlier, and when I came into the ministry, cabinet was involved in the scrutiny. We had inside and outside examinations done of this deal, and it is mostly all there for the public. As I said, you can continue to apply under freedom of information.

I am not being as succinct as I should be now. Let me ask you again if you could be very succinct about why you think this bill could become part of Teranet.

Mr Tilson: Because you will not tell me anything. You will not produce the contract. I hear smatterings from the staff; I hear smatterings from you; I heard smatterings from the former minister when he was on television. I do not know. I am trying to find out. I fear you will sign this over to another Teranet. It may be a good thing for a Teranet operation to operate, whether it is a personal property system or whether it is a real property system. It may be a good thing, but we do not know anything. You have not told us. We have guaranteed profits that have been mentioned in the contract. We do not know what that means. We do not know a lot of things. You have not once refuted the allegations that have been made on that television program, and I find that alarming.

What is a title? What does “registry system” mean? These are all very difficult terms to talk about and very boring in many respects, but we are talking about the issue of privacy. What is going to be on the floppy disc? What is going to be there? You ask me to explain myself. I sat in

the House on second reading and gave a very lengthy speech on my concerns. You have note of that.

I have written you a very succinct letter with a number of questions which may or may not be asked today and which I trust you will give me answers to in due course. They are all very relevant questions. I would like to make them available to the committee if necessary. It was a letter that relates more to the land registry system than to Bill 126, but I have no assurance of any sort that Bill 126 is not related to Polaris or to Teranet. I have you saying something, I have the staff saying something, but I have no legal statement.

If you start flipping through Bill 126, just look at some of the terminology there, whether they are related acts. What does all that mean? Does that relate to the land registry system? Are we going to have Polaris or Teranet having charge of our marriage certificates, our death certificates and everything else we do? You can shake your head, but you are not giving me or the public any guarantee. You are not producing the contract. You are not telling us a thing. With all due respect, whether it is you or the former minister or anyone else standing up there and saying "Trust me," it is not enough for a government minister to say that.

Hon Ms Churley: Mr Chair, could I ask one of my staff to clarify this so we can get going on the bill?

1610

The Chair: Does one of the staff want to respond to that last comment? I am not cutting off Mr Tilson, but I am going then to Mr Waters so he can participate, then Ms Murdock and, if need be, back to Mr Tilson if he wants to ask more.

Mr Barrows: I indicated earlier that I am a lawyer with the ministry. Perhaps I should elaborate on that. My responsibility in my current assignment is to provide legal advice to the personal property security registration branch. I ended up involved in this bill because while that particular branch is the first ministry program area that is capable of making available this type of filing of information, it was considered desirable—you will see from the first six sections of the act that we did so on a ministry-wide enabling basis. Section 7 of the bill deals specifically with the Personal Property Security Act and the program that runs out of that area.

If it would assist Mr Tilson in any way, my involvement was to put this enabling act together. As has been stated before, the sole purpose was to provide a different mode or method of making information available to the ministry in a different way. It was never the intention from the beginning, nor is there in my opinion anything in this bill or in the proper use of the regulation-making authority under the bill, which addresses or permits the ministry to pass control of information in its databases to anywhere else. That was never contemplated, and in my view that is not there. The focus of the bill is the one the minister referred to in her earlier remarks.

Mr Waters: I was just going to ask if we could try to stay on topic with the bill, not some what ifs and whereas and something that is not even talked about in the bill. We have dedicated one afternoon, and so far we

have taken up one third of the time allotted on what ifs and whereas on things that have nothing to do with this bill.

Ms S. Murdock: My question is to Mr Preager. You talked about a personal security code similar to the kind we use with our bank cards. I am just wondering how that would work.

Mr Preager: Anybody who has access to submit information to the branch would have to put in computer software his own personal identification and password on the information to get into the database, so it uniquely identifies the authorized person to go ahead and submit the data. These data will be submitted by the person who is authorized by the ministry to conduct business with us in that manner. The codes are unique to each individual. It is protected like a password. I equate it to the personal identification number in a bank teller machine. It is unique to the individual. Nobody else knows it. There are security reports that tell when the information is put in the system, so there are all the audit trails in place that are necessary to ensure security.

Ms S. Murdock: So it is like a bank or a credit bureau, that kind of thing?

Mr Preager: Yes.

Ms S. Murdock: You would have a person designated, and the person would have the number, not the establishment?

Mr Preager: No, the establishment would have the number. The basic premise is that the information is already in the bank's computer system. Essentially what they do is cut a magnetic tape, similar to these floppy discs that are there today. The information to get that tape into our system will be controlled by the access codes that are on that tape, unique to that particular establishment. So you are not authorizing 300 people to submit the data this way. This is just information that has been accumulated from the bank together and will be put into the system, in the same way as they do it today. They submit 1,000 pieces of paper to us. It comes in by courier today and we sit there and rekey the whole thing. The same principle applies, except it comes through a tape.

Ms S. Murdock: You hear all these stories about credit bureaus and so on where your information is wrong, and trying to get that changed and so on. Is that where the requirement for certification is going to be? I do not know if you can answer that question or not, but would the information be certified before it goes into the data banks? That is what I am asking.

Mr Preager: The information is not certified before it goes in, as it is not today. It is just submitted information, the same way.

The Chair: The researcher has asked me to pose this question to you. Is this bill dealing merely with the filing of information and not the retrieval of information? She wants that clarification.

Mr Preager: That is correct.

The Chair: The bill merely facilitates the filing of information and not the retrieval.

Mr Preager: That is correct.

Mr Waters: What happens if there is an error? Let's say whoever is inputting this material in his own computer terminal—let's say it is a bank—and makes an error when inputting it, who is responsible and who is liable if there are any problems?

Mr Barrows: Today all information is made available in paper document form. The private sector users who fill out those forms make mistakes today. They are responsible for those mistakes, say, if they are putting incorrect information on to our public database.

Again, the basic responsibility that rests with them will not change when we introduce a new mode of getting the information in. The responsibility for the information they put in will continue to be with them, the registrants, the persons putting the information in.

Mr Waters: Will there be a hard copy of it kept anywhere, if you know what I am getting at?

Mr Preager: This information is filed with the ministry and, as a result, what is known as a verification notice will end up going back to the registrants either in paper format or electronic format so they know exactly what has been entered on the file. That is similar to the procedure we use today.

The Chair: I would ask people to note that at 5:30 we are commencing clause-by-clause voting regardless of the status of any other matters before the committee at that time. I mention that because, Mr Tilson, the floor goes to you. You have a motion dealing on an overall basis with Bill 126. You move that at whichever point you feel is most appropriate, but you have the floor.

Mr Tilson: If you are putting me on notice that if I do not do it now I will not do it, I will do it.

I am concerned about any agreement that has been made, because obviously there are some substantial questions just starting to surface—mistakes. There are a number of questions I would like to ask. However, if the committee is restricting me in doing that, because the motion is important, Mr Chair, I have distributed copies to the clerk which I assume have been passed to the members.

The Chair: The clerk is distributing it now. Nobody is restricting you in any way, shape or form. We are following the guidelines the committee, including the representatives of your caucus, unanimously agreed to as part of that unanimous decision-making.

Mr Tilson: I do not know anything about that, Mr Chair.

The Chair: I do, Mr Tilson, and the fact is that this committee, with representation from your caucus, unanimously set those guidelines for this meeting.

Mr Tilson: It was not a recorded vote. I do not know whether it was unanimous or not.

The Chair: I am telling you it was, sir.

Mr Tilson: I looked at the minutes and it is not a recorded vote.

The Chair: You should check the record. That is why Hansard is there.

1620

Mr Tilson: I did check the record, Mr Chair, and it is not a recorded vote. You check the record.

The Chair: Mr Tilson moves that the committee, in its discussion of Bill 126 and prior to filing its report, seek the input of interested members of the public, through public hearings, and that these hearings consist of one full regular meeting of the committee.

Mr Tilson: The rationale of that of course is that the Vice-Chair has made some comments that some of the questions I have been raising are not relevant to these proceedings. I think it is quite apparent in the record that they are relevant to the proceedings because of the unanswered questions of the minister and the staff on the possibility that the personal property security system, this information that is being fed into the computer, could be made available to other sources, such as a Teranet type of company.

There is no guarantee in Bill 126 that precludes that. We have had no production of any feasibility study as to how this system is going to work. I was going to ask that question. If a feasibility study has been prepared, I hope I could see it. I am fairly confident there was not a feasibility study done of the Polaris system. I would like to think the emphasis of the hearings would be on the subject of privacy, not on the adequacy of the electronic system of recording things, although issues may be raised such as the question that was raised on accuracy, certification and all kinds of things that could be asked beyond the issue of privacy.

These are very important questions and I believe members of the public could come forward and make a presentation to this committee so that the committee could study it, whether it be on the whole subject of tendering—if indeed this does go to a company such as Teranet—the whole subject of the economic aspect of it and the whole subject of what jobs are going to be lost, if indeed any are going to be lost.

There may be a large number of areas from the whole subject of privacy, and representatives from various organizations could make presentations to us on that subject. That is the general intent of the motion. I hope the committee would support it.

The Chair: Any further debate on the motion?

Mr Cordiano: I just want to make one comment. Correct me if I am wrong, but I thought the intent of this meeting was to have those public hearings. Perhaps, if it was agreed to before, we could have had the public come before the committee during this meeting, but I guess that was not possible. Here we are dealing with this matter in this format.

I am baffled why we would not want to do that in one meeting and proceed on that basis, although I do not think we should spend that much time with this bill. I do not agree or concur with my colleague Mr Tilson with respect to some of his concerns and the extent of those concerns, but I do think that if it had been agreed we were going to have public hearings, then we could have made some moves towards that goal of having people come before the committee if that was so desired. But I did not take part in

those discussions on the subcommittee, so I do not know how that went.

Mr Waters: Unless my memory is totally incorrect, my understanding of what went on at the last meeting, when we decided to do this today, was that we would have discussions. I believe it was Mr Tilson who wanted to have some time to make a statement on something and this was to allow for that amount of time, and then we would go into clause-by-clause. There was no discussion at all about having people from the public come in to discuss this bill. It was strictly because Mr Tilson had a few concerns he wanted to raise, and that was why all three parties agreed it would take up one afternoon including the clause-by-clause, and then the bill would be reported back.

The Chair: I remind people what Mrs Cunningham said on behalf of her caucus. I am referring to the preliminary transcript of proceedings on Wednesday, November 6, 1991, page 1600-2, where Mrs Cunningham says:

"It would be the intention of my caucus colleague, Mr Tilson, that on the issue of Bill 126 he have an opportunity to question the minister and the department. The questions are already on record and he wants an opportunity to get his answers, which were not clearly stated in the House during the debate, and that is the specific reason for having it referred to committee. I have discussed this issue, just after I talked to Mr Waters, with the government House leader and he has agreed—and I am sure you already knew that—that one day would be sufficient, if that is what we wanted and that is what we thought we would get, and I would appreciate it very much if, in fact, the direction of Mr Waters could be followed, and that is that the bill proceed after that one day of hearing. I would appreciate that."

Mr Tilson, do you want to reply to arguments made.

Mr Tilson: Mr Chair, I would like to reply to your interjection at this stage. It was agreed that one day would be spent enabling me and other members of the committee to question the minister and her staff on the aspects of this bill and any other related matters, but I do not think there was ever any agreement not to have public hearings and not to get into those areas. I do not think that was ever agreed to. Again, quite clearly, there is no recorded vote on this. I do not want to get into the technicalities. We are wasting our time as far as proceeding on other matters is concerned.

The Chair: Speaking to your motion, do you want to reply to either Mr Cordiano or Mr Waters?

Mr Tilson: The motion is quite clear. There are still a number of unanswered questions. I understand both the Liberal members and the members of the government party wanting to keep this issue quiet because it must be very embarrassing. This matter surfaced from the Liberal cabinet and was supposed to have been processed prior to your coming along. You came along and agreed to it.

Mr Cordiano: We can get on with the motion now. I have heard enough. I think there was, on my part, some due diligence to try and comply with Mr Tilson's initiative to have public hearings. I could go along with that. But this nonsense of imputing motives—whether I want to get on with this because we have something to hide is nonsense.

The Chair: I appreciate your effort to call the question. However, Mr Tilson had the floor. I came along in 1952 to everybody's dismay and the comments do not bother me at all. Mr Tilson, carry on please.

Mr Tilson: Again, the emphasis of these hearings would be with respect to the whole process of how Teranet came into existence. Clearly there is the possibility that Teranet or a company similar to that could take over this system or other systems. That possibility is there, because we have no assurance either in Bill 126 or any other piece of legislation that the cabinet just at its whim could not create a similar type of system that occurred with Polaris. That is a matter of record. We have no legal statement in the Legislature, no legal bill in the Legislature that precludes that from happening. On the issue of privacy, there are many people who would like to come forward to discuss the whole issue of the tendering process, because there may not be plans now, but on the face of the bill there is no question that this type of information could be taken over by private interests.

What is the tendering process going to be? If it is like the tendering process of how Teranet came to be or Polaris came to be, I have some serious concerns. There are members of the public who could make contributions to this committee in assisting us in making its report to the House.

The Chair: Thank you, sir. All those in favour of Mr Tilson's motion, please indicate.

Mr Tilson: Recorded vote, Mr Chair.

The committee divided on Mr Tilson's motion, which was negated on the following vote:

Ayes—2

Arnott, Tilson.

Nays—8

Cleary, Cordiano, Dadamo, Klopp, Murdock, S., Offer, Waters, Wood.

The Chair: Any further questions of either the ministry or staff?

1630

Mr Tilson: I would like to ask the minister, did you have a feasibility study completed on the operation of this system?

Hon Ms Churley: I am not quite sure what you mean in this context of a feasibility study. I am sure somebody can inform you what was done.

Mr Preager: I can respond to that. There was no feasibility study done for this particular type of simple technology transfer.

Mr Tilson: This is simple and Polaris is simple. There was no feasibility study done with respect to the Polaris system as well.

Mr Binsell: Could I help clarify what this issue is? It is around how the ministry receives information. Right now the ministry receives a bundle of paper. The banks bundle the paper up, give it to a courier and send it to the ministry. If this bill is approved, the banks will put the information on a tape, the tape will be sent to the ministry and the ministry will read that tape into its database.

Mr Tilson: I am quite aware of that. Again, I ask about feasibility on the issue of costs and feasibility on the issue of loss of jobs. You are quite right. Normally this could be done in any number of areas. It could be done by mail; it could be done any number of ways. For example, you talked about how banks or large law firms or other large financial institutions would have these pieces of equipment, but presumably there are other pieces of equipment to be made available for the rest of us who cannot afford those pieces of equipment. Presumably they would be conducted at registry offices around the province. Are there plans for that? Is there a feasibility study on that?

Mr Preager: There has been no feasibility study done on this particular type of access. This is a customer service enhancement we are trying to provide to get information into the ministry's database.

The Chair: Thank you. Mr Klopp, and then we will go back to Mr Tilson if he has further questions.

Mr Klopp: Just on that, the reason you did not need to do a feasibility study with this particular program is that you knew it was going to be more efficient and less costly, so there was no need to hire a consultant and all that stuff and that is why you did that, in a nutshell.

Mr Preager: That is a fair assessment. There has been no technological impediment. By doing this it was deemed to be a good customer service initiative, faster turnaround to the public, so we did not go ahead and secure any of the consultants to do that.

Mr Klopp: Any time we can save consultants' fees it is a good idea. I heard it said by somebody in the House today and I am all for that.

Hon Ms Churley: It has been said there is no cost to the government. I think Paul Klopp was basically making that point. Let's be clear on the private thing, which, I really want to tell you again, I take seriously. But I want to make it clear that this is already a public database, that anybody can search right now and Bill 126 does not change that. I think we always have to be vigilant but there is no change in this public database.

Mr Tilson: How can you assure me of that, that it will not go somewhere else?

Hon Ms Churley: I have assured you in every way I can. This is the way it is done now. All we are bringing here today is a change in how we file things. We are not coming in here today with any new legislation or something new that will change that. In fact, if something is changed in that way, it will come before the House. It will have to be a change in legislation. We are not proposing that today; we are just talking about changing the way of filing information.

Mr Tilson: Minister, you cannot assure me. That is why we are here. You cannot assure me. That is my fear.

Hon Ms Churley: But I have assured you. There is no change in legislation.

Mr Tilson: My question has to do with the issue of cost. You say there is no cost. Are there any plans by the government, or at least the ministry, to put the machines—that is my simple form, but that is not what you call

them—in places like registry offices or where members of the general public could send material to the central bank? If not, why not?

Mr Preager: At the present time we are exploring different types of technologies. That is not one of them because the way of getting data there, if you look at the straight mechanics of it, will be more cumbersome to do in that way. From a corporate perspective—Ron Binsell may want to talk a little about that—essentially we do not have any plans to put terminals in registry offices to facilitate the filing of PPSR data.

Mr Tilson: Why are you giving an advantage to banks and large law firms or other institutions that can afford these pieces of equipment, and not to the average person that wants to register, for example, a lien against an automobile?

Mr Preager: The facility of the system itself will facilitate that particular technology. If I understood your question correctly, you asked if we had any plans at the present time. We do not have any plans at the present time to do that. However, the system will facilitate information coming in in an electronic format from not just the large institutions, but also the law firms, the credit unions or anybody else who would be using that information. It does facilitate that.

Mr Tilson: If an automobile is purchased by an individual from another individual and there is no financing—there might be a loan back from the vendor—how is that vendor going to register his or her lien if he or she chooses to register a lien?

Mr Preager: If there is no financing involved in the transaction between the cars—

Mr Tilson: No, there is financing involved. I sell a car to you and you do not have enough money. Therefore, I register a lien against you. I can do that. I can fill out one of the funny forms and ship it down to Toronto now, under what you are talking about, and I have a lien against your car. Under the system that you are creating, I have to go to a financial institution. How do I do that? Do I use the old system or do I go to a bank or a law firm?

Mr Preager: You can do either one. You can do it either way.

The Chair: This has been central to the questions of Mr Tilson. I appreciate your trying to be succinct in your response. Please elaborate so that we understand what you are speaking of, or perhaps illustrate with examples.

Mr Preager: As I understand your question, in the example you gave, right now you can register it on paper through a registry office or through the mail. You can send it to our head office. We in turn transcribe that data into the database. Under the new system, you can still do it that way or a bank or a small institution can do it either electronically or on paper, whatever they choose. It is not to say that all institutions will take advantage of this.

Mr Tilson: Are you not creating a system that is going to help only the large banks, financial institutions and law firms? What about the little guy? Why can he not go to a registry office or some other central location and make his or her registration?

Mr Preager: They can today.

Mr Tilson: I am not talking about today.

Mr Preager: They can in the future. They can tomorrow. They can in fact go ahead and register a piece of paper through a registry office. A small, little person can do that.

Mr Tilson: I appreciate what I can do today. I am talking about what I can do under Bill 126. I realize you are saying I still have the same choice. I as an individual would like to use the fast, efficient, accurate system you are trying to create, which is why we are all providing accolades as to how wonderful it is. But I cannot do that, because I have to use the old system as an individual. I am not the wealthy banker or the wealthy law firm.

The Chair: One moment: The researcher now wants to know, does the ministry envision people availing themselves of the facilities at their credit union, for instance, if their credit union is disposed to do that? Does the ministry anticipate maintaining consumer access to the de facto or the existing kiosks or telephone sets in registry offices? Would this new program supplement that for, let's say, high-volume users?

1640

Mr Preager: We have designed the system to accommodate the large users and the small users, the whole spectrum of users. To talk about the individual person, if we get around to putting terminals in a registry office that will be available for the public, they will be able to do that registration through a terminal. We are not there yet. The system is designed to have that flexibility. When we look at the large users or the small users, the man on the street so to speak, it will facilitate both.

Mr Tilson: You are now getting to what I am talking about. The words "getting around"—when you get around, if indeed you do get around, to putting government terminals in registry offices or any other place the public has access to, what is that going to cost? Have you given estimates as to what that is going to cost the taxpayer to implement such a system around Ontario?

Mr Preager: The costs are to be borne by the users of the system, not the Ontario government or the taxpayer.

Mr Tilson: What will it cost the users of the system?

Mr Preager: It will cost them the cost of the telecommunications line, plus their hardware that they need to access this.

Mr Tilson: Sir, you know perfectly well I am talking about the equipment you are talking about getting around to installing in registry offices or other such public places. You must have an estimate. I cannot believe you have not at least talked about what it could cost to put such a piece of equipment in every registry office around Ontario so that the large banks and the large law firms will not be given a commercial advantage over the little guy.

Mr Preager: We have not been considering putting the terminals in the registry office per se. What we are talking about is taking a law firm or a small institution and having a terminal in that particular office. We have not analysed the cost of doing it in the registry office. We have

looked at it from the perspective of putting them in private offices in the commercial business world. If it goes in those particular offices, those costs are picked up by the users of the system, be it a large institution or a small institution.

Mr Tilson: We are now getting to the issue I asked us to hear, because we are talking about another choice. I can go to a bank or I can go to a large law firm. Are you providing guidelines? Are there any restrictions on what these large banks or law firms can charge the individual who wants to come in and use this system you are providing?

Mr Binsell: The cost to use the system at the moment is \$6 per inquiry.

Mr Tilson: Sir, I am aware of what the cost is. I am talking about Bill 126 and the equipment the large banks and large law firms and other financial institutions will have. They will certainly be charging a fee for individuals off the street to come and use that equipment.

Mr Binsell: They do not need any additional equipment.

Mr Tilson: Are you telling me they are not going to have any computer system to feed in? How in the world is it going to be fed into the system?

Mr Binsell: They do not need any additional equipment to do that.

Mr Tilson: They already have these terminals now?

Mr Binsell: Yes.

Mr Tilson: Do the law firms all have it?

Mr Binsell: Most law firms have equipment that could do this.

Mr Tilson: All right. For those law firms that do not and want to purchase it, that will be a cost which they will pass on to the consumer. Have you studied that issue?

Mr Binsell: It is a cost the law firm would—

Mr Tilson: They are not going to do it out of the goodness of their heart, I can assure you.

Mr Binsell: But there is an efficiency in their doing that, because then they do not have to have their staff go down to an office to do the registration. They could do it through the computer terminal if they so desire.

Mr Tilson: I appreciate that, but we are now talking about how you indicated to me that another option for the little guy is to go into the large law firm or the large bank. Why would the large law firm or the large bank allow the individual to do that without charging a fee? Again, I am getting back to the cost to the consumer and the cost to the taxpayer, and you are not providing me with that information. If you are planning on getting into this area, I would like to hear where you are going on that, if you have, indeed, any plans at all.

Mr Binsell: One of the general directions of the ministry is to provide people with options. That is one of the things this will do. It would allow the banks to provide the information as they always have, or it would allow them the option of providing a computer tape to the ministry to do their registration. So a general direction is to provide options to people.

The Chair: Let me ask again, because the questions are significant. Perhaps one question that is begged is,

does the province have any jurisdiction over fees charged by federally chartered institutions?

Mr Preager: The banks charge their own fees for registration.

The Chair: Are they regulated by the federal government?

Mr Barrows: Yes, they are.

If I might add a different perspective to it, as I indicated earlier, the personal property registration branch is the first program area to be close to offering this capability. I do not think the future will be available to us all at once. We are starting, of course, with the big users.

The area of computer technology, in my limited experience, is one where everything is changing every day. Costs are changing. Capabilities are changing. Exactly what might be available in registry offices or lawyers' offices or indeed even people's homes in five years or 10 years is really quite unknown. What we are doing is gearing up, and this is just an enabling procedure, to make available whatever the changing technology can make available to anyone who wants to use ministry program areas. As I said, we are starting here with the big users and, yes, it is the large financial institutions because they are the ones, initially, most interested in making use of it.

At the other end of that, there is another public interest in the sense that the registrations they make, in the majority of cases, concern individuals, members of the public who are arranging consumer borrowings or whatever for personal purposes. If the financial institutions, through this new capability, can make whatever services they provide to members of the public available more quickly, I think there is a benefit to what I will call the general public through the banks being able to provide this service in a more expeditious manner.

Mr Waters: On what Mr Tilson was talking about, it is my understanding now that every registry office already has a computer or a terminal or whatever to input this into their files. Would they not have it already?

Mr Preager: No, they do not. None of the input from the file, the actual gathering of information, is done through the registry offices. Today and in the future they will continue to receive the forms submitted to them by the public. They send those forms to our head office where we in turn key them into the system. There is no capability for data collection in the registry offices today.

Mr Waters: What we would have to add, in order to allow access, would be a keyboard, a means of inputting, which is of minimal cost in this day of technology. I would assume that when the system is up and running and you could move to that, it could not be that just the first people off the street would have access. Once again each individual would have to have an access code. You might go to a central terminal, but each individual would have an access code in order to get into the system—

Mr Preager: That is correct.

Mr Waters: —to input it, and it is not something that you say offhand, "We're not going to do it." It is some-

thing that is down the road as the system becomes more user-friendly.

1650

Mr Preager: Yes. We have not explored it to that degree from the registry offices per se, because if the forms received in the registry offices were keyed by government staff in our registry office, it would be just the same as keying them in a central location. We are just transferring the workload out to the field. The aspect of having them keyed directly by the individual who wanted to go ahead and submit the form electronically himself would have to be controlled through the access codes and all the audit trails accordingly.

Mr Waters: Yes. I would not necessarily think that it would have to be at a registry office. Registry offices are not in every community.

Mr Preager: Right. In fact, it would be preferable if they were elsewhere than in the registry offices to get that broader distribution of access.

Mr Waters: Okay, I just wanted to see if you were looking down the road.

Mr Tilson: Just to carry on with that line of questioning—again, Mr Chair, I would like comments from the minister, perhaps, on this—this is the very reason why I am expressing my concerns. You have stated that Teranet will not be involved in this system. You say that now, and whether that is going to come in the future, we will wait and see. But what you have said is that the banks and private institutions are. The banks may or may not be regulated by the feds, and I understand that. Maybe the Law Society of Upper Canada regulates the large legal firms.

I do not know what other people can have these machines. That is not really quite clear. I suppose it will ultimately come in your regulations, and I would like to hear more of that. But it is that concern, of the private individual, whether it be Teranet or a large bank or a large law firm, obtaining information or equipment and charging what they will to the individual, the small guy, because that is exactly what has gone on in the United States.

There are areas where private companies have taken a service that is normally provided by the government. I am not arguing the fact; you are probably aware of my philosophy. That is great; they can probably run the system more efficiently than the government can. That is not the point. The point is, what can they charge? Can they charge the limit to the little guy, which is what is happening in the United States? What do we have in your legislation, in Bill 126, that precludes the banks and the large firms or others from doing that?

Hon Ms Churley: The cost of the search right now, I understand, is about \$6. As has been stated, this is going to actually eliminate a step in the process of filing, and in fact for the bigger institutions it makes sense to go that way. I think that is one of the reasons or the major reason why they are interested in this setup. It cuts out one of the steps they already have to take. So ultimately it should become cheaper for them to perform this service.

In terms of the charges, I would have to turn to the staff on that because I do not know. I think it has already

been answered, actually. You gave a long speech at the same time you asked the question, and I lost track a little bit. It is true; you did. You do that sometimes. Can you repeat just the question part again? Was it to do with what we as a government can do to make sure that, for the users who will be using these institutions, the institutions will keep the cost down? How can we make sure? They are not doing it now.

Mr Tilson: Let's say this bill passes—I hope it does pass, although I can assure you that, if not in this committee, at some other forum I will be submitting some amendments—and a private individual wants to register a lien against an automobile that he has sold to somebody else. He has a choice. He can do it instantly by going to a bank or a law firm or someone else and have it registered on the machine, or he can mail it and it will be registered in due course.

Say he chooses to go into the bank, for whatever reason. Maybe it is a very expensive car or maybe there is a lot of security. The bank may or may not charge \$6. I have not heard anything about what the bank is going to charge. I am quite aware of what it costs to register a lien now. What I am not aware of is what the bank will charge (a) for registering it and (b) for walking into the institution to use its equipment.

Mr Preager: I can make some comment on that so that we have some perspective of what this is all about. Of those that register, 98% are financial institutions that have entered into a security agreement with the people buying the car. The average person on the street, I would submit, is not the one who would register. If he were to register, he would not go to a bank unless a bank had decided to act as an agent for registrations. The banks that register with us are registering their own interest in the financial arrangement with their customers. I do not foresee anybody going into a bank to register a lien. It would be the bank that is registering the lien on the car it might sell.

The Chair: Fair enough. Mr Tilson, you seem to be moving from the matter of a person wishing to use the conduit of the bank to register his or her own lien to the matter of a person who, let's say, borrows from a bank and the bank uses its own facility, its own conduit, for registering its own lien. Your concern is about restrictions on fees that it can charge back to that borrower.

Mr Tilson: I am not getting anywhere with the previous issue, so I am now getting into—

The Chair: I want to know if that is what you are asking about now.

Mr Tilson: The current issue I am getting at is exactly that. If I go into a bank, what is to preclude the bank from charging me any fee, any amount that it wishes, say \$100?

The Chair: I trust part of that means, are there any restrictions now on what the bank can charge back even though it need only pay the \$6 registration fee?

Mr Tilson: Maybe we should not use the bank. There may be restrictions in federal legislation that preclude them from doing that. I do not know anything about that subject. Let's pick XYZ company. It has a machine. It qualifies

under Bill 126. Is there anything to preclude that company from charging \$125 to register?

Mr Preager: I will speak to that question in a second. If we talk about the banks, the banks currently charge their clients an out-of-pocket expense which is the same registration fee they charge us. I stand to be corrected by my colleague Joe Barrows here, but I believe there is nothing that will preclude them charging anything more or anything less. I think the banks are governed by the federal Bank Act. If we talk about other institutions such as a credit union—it has to be a financial institution.

Mr Tilson: Law firms cannot use it?

Mr Preager: Law firms register on behalf of banks as agents.

Mr Tilson: What about used car dealerships? If they could do the same thing, they would do it all the time.

Mr Preager: If they are registering because there is a financial arrangement if they are a financial institution; I do not know what the practice is for used car dealers in particular.

Mr Tilson: There is nothing to preclude the used car dealer from adding that on to the cost of the car. "You can't pay me your money so I'm going to put a big lien on your car and I'm going to charge you a fee for doing that."

Mr Preager: As there is not today.

Mr Tilson: Again, I am not looking at today. I am looking at what you are creating under Bill 126.

Mr Preager: There is no change.

The Chair: The minister wanted to respond. We will get back to you, Mr Tilson.

Hon Ms Churley: I want to clarify that answer. There is no change. If somebody wants to act as an agent for somebody right now, he or she can charge whatever he or she wants. That is the situation. That is what has been said here. There is absolutely no change in that. We come back to the fact that we are giving people more of a choice, but there is no change in what an agent can charge now or what the agent can charge next month under this system.

1700

Mr Tilson: I will abandon this line of questioning of the minister or staff, and ask several questions. I am sure you have my letter to the minister and I am looking specifically at questions 16, 18 and 20. Dealing with question 16, I do not think members of the committee have this so I will read the question: "Under section 6 of the bill the Lieutenant Governor in Council has the power, through regulation to designate other acts to which this shall apply. Why is this being done through the regulations, and not within the Legislature?" This is a question perhaps to the minister.

Hon Ms Churley: Which question are you asking? I am sorry, I was distracted.

Mr Tilson: Question 16.

Hon Ms Churley: Okay. The information that is filed in an electronic format will be provided by, and its accuracy will be the responsibility of, the registrant, in the same way that the completion of paper documents is the

responsibility of a registrant who files under the existing system. People filing information retain financial liability for damage caused by any errors in that information. I think I am giving you the wrong answer, am I not?

Mr Tilson: You certainly are, but it is a lovely answer.

Hon Ms Churley: Actually it is a good answer for the next question. I have been working diligently on all of your questions and I am sorry I got distracted. You had asked question 16, right?

Mr Tilson: Yes.

Hon Ms Churley: The bill is enabling and it is ministry-wide in nature. I think I answered this question before as well. Designating acts under section 6 is a mechanism which will ensure that only those program areas which have the technological capabilities will be authorized to accept information filed in this format at this time. Such administrative matters are traditionally the subject of regulations. As to the ones it gives enabling legislation to now, we have one section that is ready to come under the system. What it means is that as other ministries or other departments within a ministry come forward and say they are capable, we want to look at each to make sure that it is in fact ready and capable and that the kinds of safeguards we are building in are all in place.

Mr Tilson: I understand what you have just said. My question is not on the merits of it. My question is, why are you averse to—maybe you are not or maybe you do not understand my question—having this done in the Legislature as opposed to regulations?

Hon Ms Churley: You mean, each time to go through—

Mr Tilson: Each time the ministry comes forward with something that it wants to do this sort of thing on, it would be a very simple matter to put a bill in the House to have it changed to computerize that system.

Hon Ms Churley: Again I am going to defer to the staff on it. Perhaps I should do that before I give what I think my reason is.

Mr Barrows: We did give consideration to this. It is not a black and white situation. This ministry is very diverse in its programs and has over 50 statutes which it administers in a variety of different program areas. Some of those areas are more advanced in a technological sense than others.

We put together this general enabling legislation so that we would have the ministry-wide capability so that if a particular program area is geared up for it, it can proceed. Of those many statutes which the minister administers, certain of them may or may not require specific amendment so that they can receive information in an electronic format. As you can see from section 7 of this bill, the Personal Property Security Act does require amendment and is in effect before the Legislature now as section 7 of this bill. Many of the other acts administered by the ministry will also probably require specific amendment because of the manner in which they are worded now. Some will not.

Mr Tilson: Section 6 says you can simply do this by regulation. You do not have to come back.

Mr Barrows: Subsection 6(1) empowers the Lieutenant Governor simply by regulation to designate acts to which this act applies. It would in my view be wrong and inappropriate for the ministry legal staff to allow designation of an act here and purport to permit information to be accepted in this way, if in so doing it conflicted directly with a specific provision in an act in a program area we were looking to go to. This is something that would have to be reviewed on a case-by-case basis as the program areas evolve in their technological capability.

Hon Ms Churley: I did say I had an answer to this and that I wanted the staff to answer, but my feeling on this and my understanding is that it is an administrative issue and that most administrative issues are dealt with by regulation, not legislation. If we had every administrative-type issue coming before the Legislature when we have a lot of very important business to get on with, it would really tie things up, and this is clearly administrative.

Mr Tilson: I will bet if I asked you what acts this applies to right now, or what acts it could apply to, you would not know. It may well be that in some cases they are administrative, but you do not know. My question to you is, should a government be delegating this sort of information to cabinet? After all, next time around, you may not be in government. You may be delegating this information or this power to a government which will never have to report back to the Legislature. In some cases it may be quite appropriate to make an administrative decision, but in other cases it may not be appropriate, for any number of reasons. I do not know why, because I do not even know what the acts are. Mention has been made of a potential 50 acts. I do not even know what those could be.

Hon Ms Churley: I could rhyme them all off for you by now, but I do not think you want to hear them today.

Mr Tilson: You could give me some examples.

Hon Ms Churley: The Bread Sales Act.

Mr Tilson: The Bread Sales Act?

Hon Ms Churley: The Condominium Act. There are a lot of acts in this ministry. You are quite right. But again, what I would come back to—

Mr Tilson: Well, let's talk on it.

Hon Ms Churley: Given the information you were given today—that this is administrative, a filing system—I think the issues you raised have been well answered and well covered around your fears about that. There are other acts that should be ready to come under this, and it is a benefit to the consumer. It changes nothing in the existing legislation, other than giving people a choice of two ways to file. There is nothing really more complicated about this. That is why it is administrative and why it should not have to take up a lot of time in the Legislature.

Mr Tilson: I quite concur with the philosophy of making the system run smoother. You can say over and over that my fears have been laid, and they have not. They are still there, because you will not produce the Teranet contract. Heaven knows what it has. I do not know whether it relates to these 50 statutes or not. It may be appropriate that all the items with respect to the Condominium Act be

computerized, or it may not. I submit, with due respect to you, Minister, that the government is irresponsible in delegating the matter to the Lieutenant Governor in Council. That is why we have a Legislature, to discuss those sorts of things.

However, you have given me an answer that you think is appropriate, that you do not appear to be prepared to bend on. Perhaps I could proceed with another question.

1710

The second question is question 18, which I know all the staff members and the minister have. For the other members of the committee I will read it: "On second reading, you stated that this bill would in future be extended to other areas administered by your ministry. What are your intentions in this regard?" It is similar to the last question I asked.

Hon Ms Churley: Yes, it is.

Mr Tilson: Can you tell us now what those statutes are? I am quite patient. If you wish to list 50 statutes, I would like to hear those.

Hon Ms Churley: In fact, it would be very interesting to you if I did. There is also the Upholstered and Stuffed Articles Act, I believe, but I am not going to do that now. We do not know yet which ones will be ready to come on to this system in the immediate future. Some are more prepared technologically than others, but the ministry has consulted with representatives from the major users, the banks and trust companies, in terms of personal property security registration, the one that is going to come into the system now. That is the first ministry program we will be providing, but no, I cannot tell you today which acts will be coming on to the system next.

Mr Tilson: Will you undertake to produce to me and other members of the committee the list of the pieces of legislation that you intend to bring on immediately prior to this bill returning to committee of the whole?

Hon Ms Churley: No, I cannot commit to doing that today because I have no such list of which ones will be coming on in the near future. I am assuming that ministry staff can provide some information about the ones they see as likely to come on stream next, but I cannot provide you with that list. I am quite anxious to get on with this new system, because there are people ready to use it. As I have already stated, these will come up over time, but to my knowledge there is no other act ready to come on right now.

Mr Tilson: You said that before, that the consumer is going to suffer if this legislation is delayed any further. Who is going to suffer?

Hon Ms Churley: Part of the problem now is that the system is all paper-oriented, and this computerization actually takes a step out for the filing of this information, so it speeds things up for the consumer.

Mr Tilson: For the banks.

Hon Ms Churley: It speeds it up for the bank, but therefore it speeds it up for the consumer.

Mr Tilson: With respect to speeding it up for others, it does not. Unless you have that equipment, it does not speed it up.

Hon Ms Churley: We are getting back to that circle we went through before. I think that was really explained, the type of people who use the system.

Mr Tilson: I backed off because I was getting nowhere. There are other areas I would like to question you on. Question 15, which I will read for the other members of the committee: "How are 'authorized users' to be defined under the regulations to Bill 126, as provided for under subsection 5(2), and what provisions have been made to protect against either access by unauthorized users, or improper access by authorized users?"

Hon Ms Churley: Joe, could you answer that question?

Mr Barrows: Subsection 5(2) of the bill concerns the authorization of persons who can use the system. The persons specified in that subsection in practical terms would be program heads or persons responsible for the operation of various programs within the ministry. Failing such persons, the minister will determine who has the capability to file information in electronic format.

Mr Tilson: If I could stop you right there, how are you going to do that?

Mr Barrows: This will vary from program area to program area, depending—

Mr Tilson: Pick any one and tell me how you are going to stop that.

Mr Barrows: Stop?

Mr Tilson: Yes.

Mr Barrows: I am sorry, sir, I do not understand. Stop what?

Mr Tilson: I am emphasizing access by unauthorized users. How are you going to stop the unauthorized user from having access?

Mr Barrows: We are really back, then, to the security issue that we addressed very early in today's session and which Mr Preager addressed from the point of view of the technological safeguards that are in place to ensure that users can only input new information and cannot manipulate or alter existing information in the ministry database. Mr Preager can address those safeguards again, if you would like him to.

Mr Tilson: I guess my concern is the whole issue of computer fraud and people doing funny things to computers that I do not even understand. We are now getting into a greater technological age, as all three parties have agreed. I get back to the question Mr Waters pursued too: the issue of error, the issue of safeguards, the issue that people can get this information and do strange things. I can assure you if that occurred, the government would be named as a party to it, because it had set up the system.

Mr Barrows: In response to that, if I could begin in a very general way by getting back to the basic thrust of the bill, that is simply making available another mode or method of getting information in. Regarding your concern about alteration or manipulation of data or, say, the filing of false and vexatious data, that could be done today by a person filling out a piece of paper with totally inaccurate or untrue or malicious content.

Mr Tilson: I am not asking about today. I am talking about the system you are setting up under Bill 126. In the system you are setting up under Bill 126, that could happen and could create a liability towards the government, because it is the government that indeed has created this system under Bill 126.

Mr Barrows: No, sir, the system already exists. All we are creating is a new mode for getting information into that system. Now I will ask either Mr Preager or Mr Binsell to give you—

The Chair: One at a time, please.

Mr Barrows: What I was going to do was to hand it over to one of these gentlemen to give you the details of all the technological safeguards. I have been assured that all of the technological safeguards available have been built into the system that we are beginning with in the personal property registration branch.

Mr Tilson: The minister has given me all kinds of assurances on that, so what are some more? Okay, that would be great, please.

Mr Preager: Again, just to reiterate—and I defer to Ron to add something to this—without getting into a lot of technological details, you can equate the security needed for this system with the security for a bank. How sure are you that nobody is going to go in and mess around with your bank account? The technology exists today, and the security is there to address electronic dealings with data.

Mr Tilson: If that happened, I would sue the bank. If, through its system, the bank enables that to happen, I would sue it, and you would too.

Mr Preager: I am not disputing that. Without getting into a detailed technical explanation, which I am not in a position to give, all I am saying is that the security that does exist is in fact addressing the concerns as well as anybody can, and you cannot go in there and manipulate data.

The other thing I should point out too is that the system does not go in and change data. It adds it to the historical file all the time. So you are not going in there and changing anything.

Mr Tilson: Mr Chair, with respect, that is exactly the area I am getting into. You are now designating certain people as authorized users, and because of that you may be creating a liability for this government because you are creating a system—I do not want to hear about the existing system; I am quite aware of what the existing system is. I am talking about the new system you are creating and the potential liabilities of unauthorized users or, as the question indicates, of improper access by authorized users. That is another issue, the improper access by authorized users.

Mr Preager: Do you want to add anything to that?

1720

Mr Binsell: The same security procedures apply to this system as apply to most of the other major systems in the government. This system resides on the large computer that is run, along with the majority of other systems in the government, by the Ministry of Government Services. The same security protections exist for this system.

Mr Tilson: Mr Chair, I see you are watching the clock. I will not pursue that question any further. I am getting nowhere on that question. I will ask a question, specifically question 19, of the minister again. I will read it: "What guarantees are provided that agreement has not been made with Teranet-Real Data for the private sale of the information collected" with respect to Bill 126 information?

Hon Ms Churley: That is part of the questions you sent to my office in your letter?

Mr Tilson: That is the question. I just read it to you, yes.

Hon Ms Churley: First, as I have already stated, even within Teranet right now the government maintains 100% control over the land registry database and also over the fee base.

Mr Tilson: How do I know that?

Hon Ms Churley: Because it is in the agreement.

Mr Tilson: How can I see the agreement? Tell me.

Hon Ms Churley: We have—

Mr Tilson: Trust me.

The Chair: One at a time. It has to be that way.

Hon Ms Churley: We have set up a meeting, plus there are all kinds of documents available already. Various aspects of the agreement are available to you. I assure you that is a major part this government made very sure was in the agreement, because we believe those data have to be retained by the government. It is part of the agreement.

Mr Tilson: Minister, if you will make that agreement available to me when I meet with you, and I can make it available to the public, that will just be wonderful. But I suspect you will say: "Here, have a peek at it. Don't tell anybody else." I can assure you that is not good enough. I want to be able to see that agreement and I want to be able to review it with others, members of the public, to determine the answer to question 19, which I have just read to you.

Hon Ms Churley: As I have assured you, I am happy to make anything available to you if I can do so legally. The only information I will withhold from you is information that, through the Freedom of Information and Protection of Privacy Act, I would not be allowed to release to you legally without your going through the proper process. That has already been told to you.

Mr Tilson: Let's stop right there. Why did you do that? Why did you enter into an agreement of this magnitude that precludes me from seeing it?

Hon Ms Churley: As I was starting to say before you interrupted, we are meeting soon on this, but I have to say that many of the allegations you have raised in the House and here today are in fact not true. I want to use the appropriate place to discuss those with you. It was not appropriate in the House. When we were discussing this bill, you hoped I would answer some of those questions and then you talked out the clock, at which time I was happy to go into detail. Question period in the House, you know—

Mr Tilson: That is unfair. I am not talking out the clock at all. I am asking you reasonable questions, but you are not providing me any answers for them; none.

Mr Huget: On a point of order, Mr Chair: I wonder if we could return to some sense of decorum in this committee. I understand Mr Tilson has some serious questions, but I also understand that out of common courtesy and common practice in this committee we let a response complete itself before asking another question. I ask you to help that process.

The Chair: Your point is well made and it repeats one I have tried to make several times already this afternoon. It is perhaps appropriate at this point to indicate that we are now six minutes from 5:30. If there are any amendments people want considered during the course of clause-by-clause consideration of the bill, I am looking forward to those amendments being moved prior to 5:30 so that they can be considered. Otherwise we will deal with what we have at 5:30.

Mr Tilson: If that is the case, I will make the proposed amendments. It is unfortunate I cannot go through the series of questions I have. The committee is not allowing me the time to do that. But whatever the rules are, Mr Chair, I always abide by them.

The Chair: You have one up on me, Mr Tilson.

Mr Tilson: I will place the committee on notice of some amendments I would like to put forward. I will read them to get them on the record in advance of 5:30.

I move that section 1 of the bill be struck out and the following substituted:

"1. In this act,

"designated" means designated by statute;

"file" means to file, to register, to submit, to deposit, to make an application or to otherwise make available."

The second amendment has to do with section 5.1.

I move that the bill be amended by adding the following section:

"5.1 No database used for the storage of information in an electronic format shall be managed by any person or association other than the ministry."

I move that subsection 6(1) of the bill be struck out.

I move that the bill be amended by adding the following section:

"6.1(1) No information stored on a database shall be released to the public unless the information has been verified in the manner prescribed by regulation.

"(2) The ministry shall establish an insurance fund to compensate losses resulting from the release of information that was not verified in the prescribed manner.

"(3) Compensation under subsection (2) shall be in the prescribed amount."

Mr Cordiano: Excuse me, Mr Chairman, was it agreed that we could have copies of the amendments?

The Chair: We are doing our best.

Mr Tilson: I am trying to beat the clock. I will be pleased to make them available.

I move that subsection 6(2) of the bill be amended by adding the following clauses:

"(g) prescribing the manner in which information stored on a database shall be verified for the purposes of subsection 6.1(1);

"(h) governing the payment of compensation for the purposes of section 6.1, including prescribing the amount of compensation for the purposes of subsection 6.1(3)."

I do have copies of the amendments.

The Chair: Do you wish to speak to any of the amendments in the time remaining?

1730

Mr Tilson: Yes. There is one more amendment.

I move that subsection 6(2) of the bill be amended by adding the following clause:

"(f) governing the circumstances under which information stored on the database is released and prescribing the persons to whom it may be released."

Dealing first with the first amendment, the rationale, the current section 1 says:

"In this act, 'file' means to file, to register, to submit, to deposit, to make an application or to otherwise make available."

I believe the later amendments I am proposing—and this of course is proposed on the understanding that the subsequent amendment carries, and I know I have the undivided attention of the committee on this. Because what I would be proposing in the subsequent amendment is that we remove the ability of the Lieutenant Governor in Council to make regulations designating other acts in this bill, it is therefore necessary to provide a definition of "designated" which would appear throughout the act, because that would not be there if the subsequent amendment carries.

Under this amendment, "designated" now means the government would have to bring in new statutes to which the act would apply. This is tied in with the subsequent amendment. That is the intent of the amendment.

The Chair: Unfortunately, it is 5:31 and I have to now move to consideration of the amendments and the sections of the bill. Shall the amendment striking out section 1 of the bill—?

Mr Tilson: Hopefully, we will have a chance to debate this.

The Chair: No, the agreement was that at 5:30 pm we commence with consideration of clause-by-clause and amendments as made, which is why I wanted you to present your amendments without debate. That is what we are commencing to do now.

Mr Tilson: I did not make any such agreement.

The Chair: Your party did on your behalf. I appreciate the difficulty you find yourself in. I say that with sincerity, but the fact remains—and this is one of the difficulties—you were not here last time the committee met. Ms Cunningham was here and spoke on behalf of the caucus.

In view of what you have raised, Mr Waters, do you want to say something quickly, please?

Mr Waters: Yes, as quickly as possible. In view of these very late amendments, would it be agreeable to all parties if we took five minutes to read them over so we have these things straight in our minds?

The Chair: Is there consent in that regard? Agreed. Okay, five minutes.

The committee recessed at 1733.

1741

The Chair: We are now dealing with this bill clause by clause and amendment by amendment.

On section 1:

I will deal with Mr Tilson's amendment to section 1 striking out section 1 and substituting as was indicated. I take it from the committee that, subject to there being any comment made now, the committee is waiving the need to read each of these sections, the committee having before it Bill 126 as printed and the amendments as put on the record by Mr Tilson.

There being no dissent, the committee is unanimously waiving the reading of any of these amendments or subsections or clauses or any portions of the bill. Shall Mr Tilson's first amendment, dealing with section 1, carry?

Motion negatived.

Sections 1 to 4, inclusive, agreed to.

On section 5:

The Chair: Shall section 5 of the bill carry?

Mr Tilson: On a point of order, Mr Chair: I believe I put an amendment forward.

The Chair: No, you have created a new section, section 5.1, which would succeed all of section 5 in the event that your amendment were to carry.

Mr Tilson: Thank you.

Section 5 agreed to.

The Chair: We are dealing now with Mr Tilson's motion creating a new section, section 5.1. Shall section 5.1, being the motion by Mr Tilson amending the bill, carry?

Mr Tilson: Recorded vote, Mr Chair.

The committee divided on Mr Tilson's motion, which was negatived on the following vote:

Ayes—1

Tilson.

Nays—8

Cleary, Cordiano, Dadamo, Huget, Klopp, Murdock, S., Waters, Wood.

On section 6:

The Chair: Shall Mr Tilson's motion, in effect striking out subsection 6(1), carry?

Motion negatived.

The Chair: Shall Mr Tilson's motion which would amend subsection 6(2) of the bill by adding clause (f) carry?

Motion negatived.

The Chair: Mr Tilson further moves an amendment to subsection 6(2) of the bill by adding clauses (g) and (h). Shall that motion amending subsection 6(2) carry?

Mr Tilson: Recorded vote.

The committee divided on Mr Tilson's motion, which was negatived on the following vote:

Ayes—1

Tilson.

Nays—8

Cleary, Cordiano, Dadamo, Huget, Klopp, Murdock, Waters, Wood.

Section 6 agreed to.

The Chair: Mr Tilson moves an amendment to the bill by the creation of section 6.1. Shall Mr Tilson's motion providing for an amendment to the bill by the creation of 6.1 carry?

Mr Tilson: Recorded vote.

The committee divided on Mr Tilson's motion, which was negatived on the following vote:

Ayes—1

Tilson.

Nays—8

Cleary, Cordiano, Dadamo, Huget, Klopp, Murdock S., Waters, Wood.

Mr Tilson: The same old gang.

Sections 7 to 9, inclusive, agreed to.

The Chair: Shall the preamble immediately preceding section 1 of the bill carry?

Ms S. Murdock: The explanatory notes?

The Chair: No.

Ms S. Murdock: I do not see a preamble.

The Chair: "Her Majesty, by and with...."

Mr Tilson: Oh, "Her Majesty," of course.

Mr Cordiano: That is the preamble to every bill.

The Chair: Shall it carry?

Preamble agreed to.

Title agreed to.

The committee divided on whether the bill, as printed, should be reported to the House, which was agreed to on the following vote:

Ayes—8

Cleary, Cordiano, Dadamo, Huget, Klopp, Murdock S., Waters, Wood.

Nays—1

Tilson.

The Chair: I thank you very much. It has been a wonderful afternoon. I have enjoyed it and I have enjoyed the co-operation of committee members and appreciate the participation of staff and of the minister, Ms Churley.

Ms S. Murdock: Is the report that was on our desks when we came in today, the standing committee report under standing order 123 on service delivery, going to be reported to the House?

The Chair: It has been.

Ms S. Murdock: It was today? I did not hear this.

The Chair: Perhaps I should not have been so sotto voce when I did it.

Ms S. Murdock: I guess not. You usually are not. I am surprised.

The Chair: I will try to come out of my shell and do better next time. We are adjourned.

The committee adjourned at 1748.

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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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First Session, 35th Parliament

Official Report of Debates (Hansard)

Wednesday 20 November 1991

Standing committee on resources development

Highway Traffic
Amendment Act, 1991

Assemblée législative de l'Ontario

Première session, 35^e législature

Journal des débats (Hansard)

Le mercredi 20 novembre 1991

Comité permanent du développement des ressources

Loi de 1991 modifiant
le Code de la route



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday 20 November 1991

The committee met at 1544 in committee room 1.

HIGHWAY TRAFFIC AMENDMENT ACT, 1991 LOI DE 1991 MODIFIANT LE CODE DE LA ROUTE

Consideration of Bill 124, An Act to amend the Highway Traffic Act / Projet de loi 124, Loi portant modification du Code de la route.

The Chair: Mrs Cunningham, whose Bill 124 is being considered, is here to make opening comments. Mrs Cunningham, please do so; thank you for being here.

Mrs Cunningham: I am not quite certain how much you want me to read into the record, since we have done a fair bit in the House and we are on record in Hansard, but I will start by saying why I introduced the bill and what persuaded me that it was timely, and I will talk about the support and some of the concerns. Perhaps we can then end up with a meeting I was at yesterday where many interested citizens were going to make their voices heard before this committee, with our urging.

I will start out by saying that I think this is a particularly non-partisan piece of legislation. Members in the Legislative Assembly from all parties have urged me to move forward with this legislation, which was first introduced over a year ago, got to second reading and ended up in committee of the whole House. Then the government changed and I had an opportunity to introduce the bill again last spring. That is where we sit right now. Those of you who have been part of this process know that it was referred to this committee and that we are now in the process of hopefully having public hearings on it.

I first introduced this bill because it is rather personal. Most of us do not have an opportunity to do this very often in a lifetime as members of the Legislative Assembly. Luckily my name came up twice and I have taken advantage of the opportunity to do something I thought was not only useful but in support of prevention when it comes to tragedy, and in support of good health care. It is as simple as that.

I was certainly urged on personally as the mother of a head-injured young man. During his time in hospital and certainly his rehabilitation, I became very aware of the statistics with regard to head injuries as they relate to all kinds of accidents and specifically to bicycles. I was very much aware of the tremendous challenge and the tremendous cost, both personally as a family and in dollars for the Ontario government, in getting rehabilitation and support services. I must add that these services are not, in my opinion, available in our province or in our country.

Given the tremendous challenge we face, I think all we can really do is whatever we can to prevent these kinds of accidents happening.

As we considered different pieces of legislation, I became overwhelmed by the statistics in Canada: that 5,000

children will be seriously injured each year. We know that bicyclists with helmets will have an 85% reduction in the risk of head injury and an 88% reduction in the risk of brain injury. Although 93% of children aged six to 16 years old ride bicycles—that is a pretty big percentage in our country—only 2% to 3% wear helmets.

I was particularly influenced by a study that took place in 1988 at the Children's Hospital of Eastern Ontario. It found that even after an accident, even after all the public information that has been available, the hard work on behalf of school teachers and families and home and school associations, few children, who I think are exposed to more of the public information than any of us, wear helmets. Of 517 children admitted to emergency that summer at the children's hospital in Ottawa following a bicycle accident, approximately 100 had head injuries of some significance and were admitted to the hospital. They were serious enough that they were asked to stay over, and many of them—I am not sure of the number specifically—sustained serious head injuries. But of the 517 youngsters who were admitted to emergency, only 13% owned helmets, in spite of significant public education programs in the Ottawa region, and only 2.5% wore them.

Given the reading we have all been made aware of and are becoming increasingly more aware of with regard to statistics, I think it is agreed among the experts—and that is not myself; you will be hearing from them—that a bicycle helmet is the single most important piece of equipment for reducing the incidence of serious head injury.

I have told you about the second reading and the fact that we now have the bill here. I also wanted to tell you that I was particularly encouraged last spring by the work that has taken place since I introduced the bill the first time, by Dr Wesson and Laura Spence from the Hospital for Sick Children here in Toronto, who visited me at Queen's Park and urged me to continue my work, on behalf of the many individuals they know who work in trauma units, who belong to bicycle clubs, who are paediatricians, who are health care providers, who are respiratory technicians and who experience at first hand accidents that can be prevented and injuries that can be reduced.

1550

So I am very grateful for the opportunity to have this bill in this committee, not only for those of us elected people who are responsible for passing legislation that is helpful in this province—"necessary and needed" are the two words I like to use—but for the staff who help us in this process by advising us on the appropriate amendments, the appropriate regulations and the wording, and I should say, probably do the research we need around the province, around our country, in North America and elsewhere that will give us some precedents and some experiences to go on.

I recognize there is not a lot but more recently my staff have been in discussions with the people in Howard county, Maryland, who advised us that in fact they had enacted legislation in October, which I found interesting. Every week you are finding out something new on this. It was a piece of legislation where there was some six months' grace given. People had time to fall into line with that legislation, and they tell us it is going beautifully.

We can get into that in a more detailed way later on, but I guess my reason for introducing it now is that something is happening always and every day to support Ontario as being a flagship in this legislation. We are hearing from Saskatchewan, which is considering it. They are phoning us for advice. Right now the letters of support have been overwhelming, and they have continued on during the last few months. We did keep in contact with everyone we heard from last spring to give them assurance that we would be proceeding, hopefully this fall, and this is a little sooner than some had perhaps expected.

I think you will not be surprised to hear that the supporters include groups such as the Ontario Head Injury Association, the Bicycle Helmet Coalition, in conjunction with the Hospital for Sick Children injury prevention program, and the Coalition for Head Injury Prevention. The Toronto City Cycling Committee, which has not always been supportive, is supportive. As it advises us, it wants the legislation and the supporting regulations to address the issues I have already shared with this committee: cost, education, enforcement and implementation lead time. I believe the more recent legislation we have had to look at in the last couple of days from Maryland in fact will help us with all four of those issues, and we will have a great opportunity to discuss this during the committee hearings.

I add the Ontario Federation of Home and School Associations; Dr Michael Schwartz, president of the Trauma Association of Canada; the Simcoe County District Health Unit; the Ontario Medical Association; the Ontario branch of the College of Family Physicians of Canada; the Association of Local Official Health Agencies (Ontario); Dr Peter Lane, the medical director of trauma services at Victoria Hospital in London; the Canadian Paediatric Society; the Ontario Nurses' Association; the Ontario Public Health Association; a number of citizens who have been involved in bicycle accidents themselves; parents of children who have been involved in accidents and who have suffered head injuries, and even some parents who have lost their children due to these kinds of accidents, and many private citizens. These people see this as a cost-effective preventive measure. If we can save lives and save serious injuries, we can also save dollars when it comes to the provision of services.

Before we debated the bill at second reading, I want you to know, even the Premier called us and said that he was going to be supporting the bill and he found it most encouraging that we were presenting it. I know the Minister of Transportation, Gilles Pouliot, supports the bill in principle, and I think it is up to us now to persuade him that we have the evidence to proceed.

It is not without some opposition, however, and in our jobs I think all of us are more familiar with opposition than

support. But I think we have to face it and we have to be prepared to answer those questions, because what we want here is responsible legislation. Most who are opposed do support educational programs to ensure people take the precautions and wear helmets when they ride bicycles, but they also believe it is a person's right to decide whether he or she wants to wear a helmet—déjà vu seatbelt legislation, which has been so tremendously successful in the prevention of injury. They are concerned with the cost of helmets and the enforcement, and we feel it is our responsibility to answer those questions for these people. Those are the kinds of issues they will be raising in committee.

I should tell you from my own personal experience and from speaking, especially with young people and especially in college classes—although not a lot on this piece of legislation—that some people's minds will not change. They have made up their minds and I do not feel we will be able to change them. But after returning phone calls to individuals opposing this idea I do not think there have been very many people I have not been able to persuade.

The Ministry of Transportation held bicycle policy review public meetings, a kind of drop-in-centre process, just a few months ago. As part of its consultation process for its bicycle policy review, it held five meetings across the province in Ottawa, London, Sudbury, Toronto and Thunder Bay. Members of the public were invited to discuss or provide comments on issues and concerns on related policy issues.

I have not heard the results of those hearings—that is probably my problem more than theirs—but I am sure we will be hearing from them during our briefing session. Perhaps they can offer us some help with this piece of legislation.

We are aware that many of the police inspectors across the province have phoned and there are two things I think you should know. First of all, they believe bicycle helmets will reduce serious injury and the statistics are there to prove that. They also want to make very clear to us that we will need a lot of public support for this legislation.

Given the group we talked to yesterday at a luncheon at a hotel in Toronto, people organized, I think, through the Hospital for Sick Children who are interested in safety and accident prevention—many of the experts were at that luncheon and they have assured us in many ways that the public is quite well informed, but they know they need to be even better informed. I expect the ministry—and I do not want to put words in its mouth—unless there is something brand-new in this province, will be advising us that information costs money. I have taken it upon myself to work on that with the private sector and I think I have been somewhat successful. Perhaps we can help them in that regard. Insurance companies are particularly interested in helping us with public information and I think that is something we can look forward to.

I have given you as much information as I can, other than some specific questions when we get into the specific issues, and I am really looking to the public for the expertise I think all of us need to provide the kind of information to back up this bill with the appropriate and responsible regulations.

The Chair: We are blessed with a liberal dose of time this afternoon. That means there will be plenty of opportunity for questions or exchanges. The Ministry of Transportation is represented here today by the parliamentary assistant, George Dadamo, who is going to be assisted by Mike Weir, a staff person from the Ministry of Transportation's safety policy office. As well, members should note that Mr Dadamo's executive assistant, Mary Matas, is present, as is the assistant to the minister Mr Pouliot, David Edgar.

I will be calling upon Mr Dadamo shortly. However, are there any questions people would pose at this instance to Mrs Cunningham, recognizing that even after Mr Dadamo makes his comments, there will still be opportunity to ask Mrs Cunningham questions? There are no questions.

I would ask Mr Weir to step up and seat himself at a microphone. Mr Dadamo is going to talk to us. It is timely for me to make this note now. The clerk of this committee wrote to the Attorney General's deputy minister, the Solicitor General's deputy minister, the Deputy Minister of Consumer and Commercial Relations, the Deputy Minister of Tourism and Recreation, the Deputy Minister of Health and the Deputy Minister of Community and Social Services. I recognize that Mr Waters, who is also the parliamentary assistant for the Ministry of Tourism and Recreation, is a member of this committee in any event.

It is of some note that, the clerk having written to all those ministries, directly to the deputy ministers indicating that we are commencing consideration of this bill shortly, on November 7, and recognizing that all those ministries should have an interest in this bill, not one of them has even bothered to reply to the clerk's letter. That is something about which people will draw their own conclusions. As Chair, I find it remarkable. Enough said, perhaps. Mr Dadamo?

1600

Mr Dadamo: Back from the commercial break, thank you, Mr Chair, and thank you to the member for London North for her comments and opening remarks on Bill 124.

The Ministry of Transportation is in full agreement with the intent of this bill, which is aimed at reducing the suffering of bicycle crash victims. I would like to stress that in 1989 more than 4,000 bicyclists of all ages were reported injured in Ontario, and 33 were killed.

Nearly 14% of paediatric injury deaths in our province from the years 1985 to 1987 were the result of bicycle crashes. Virtually all were the result of head injuries. I know all members of this committee want to see a reduction in fatalities and injuries resulting from bicycle crashes. There is no doubt in anyone's mind that bicycle helmets save lives and reduce injuries. The issue we must face together is not whether bicycle helmets are good, but whether we should legislate their mandatory use, and if so, when.

Again, I commend the member for London North on her effort, dedication and commitment to this issue and I look forward to hearing the discussion that will be generated by this committee process. I am confident we will hear many constructive suggestions from the people of

Ontario who are closest to this important issue, including the families that have been personally affected, the doctors and nurses who treat the victims, the Canadian Head Injuries Coalition, the cycling community and of course many others.

Safety is the number one priority of the Ministry of Transportation, safety for everyone using Ontario's roads and highways and all other transportation systems, and of course we will continue to do everything within our means to achieve this goal. Our government recognizes that cycling constitutes a legitimate mode of transportation, not simply a recreational pursuit. Working people are increasingly relying on bicycles to get to and from work. Our challenge is to respond to this reality by listening to the experts who will come before the committee, and to move ahead after fully considering their views.

As most members of this committee are aware, the Ministry of Transportation is currently reviewing its bicycle policy and the ministry's role in supporting and facilitating the bicycle as a legitimate transportation vehicle. The work of this committee will assist the ministry in putting the final touches on this document. Bicycle safety is a primary consideration within the mandate of this particular review.

Five public meetings were held throughout the summer to elicit public opinion as part of this review and the majority of those taking part in these meetings supported the use of helmets. Some suggested a cautious approach in development of mandatory helmet use. Quite compelling arguments were advanced by those recommending that work be done to create a better environment that would allow mandatory bicycle helmet legislation to be most effective.

This ministry has worked to create a safer cycling environment with the assistance of many dedicated individuals and organizations whom I expect to see as witnesses before this committee. Our safety efforts range from ensuring that our roadways are designed to be as safe as possible to education and advertising efforts aimed at making the people of Ontario more aware of the need to be safety conscious.

The ministry actively promotes the use of helmets by cyclists. Over the past few years we have been involved in several educational and awareness campaigns to promote helmet use. Since the late 1970s, the ministry's Go Safely cycling course has been delivered to primary schools by police right across Ontario. This course promotes the use of helmets as part of its cycling message.

The ministry produces and distributes a multitude of posters and materials, including the Bicyclists Handbook and Cycling Skills. All these posters, booklets and pamphlets have been updated to depict cyclists wearing helmets, thus promoting their use.

Over the past couple of years, the Ministry of Transportation has stepped up its efforts. For example, in 1989, in partnership with the Toronto city cycling committee, the ministry produced a pamphlet entitled Road Warrior, Road Hog, to make both motorists and cyclists aware of the need to share the road safely. An award-winning television commercial based on Road Warrior gave the message even more exposure.

We also work with the Ontario Medical Association and the private sector, including a bicycle helmet manufacturer, Helmtech, on an awareness campaign that offered helmet rebate coupons from Canadian Tire. We continue to work with the private sector by providing bicycle retailers with tags to attach to new bicycles reminding purchasers that wearing a helmet is essential for proper head protection.

In the fall of 1989 several changes were made to the Highway Traffic Act to enhance cycling safety. These changes included the addition of bicycles to the definition of vehicles and clarification of the legal rights and responsibilities of cyclists, along with other safety provisions.

Having said all this, we recognize there is much work to be done to improve cycling safety. Far too few cyclists are wearing protective headgear and our collective challenge is to correct this troubling reality. The bicycle policy review process may be an appropriate forum to assist us in setting a bicycle safety agenda in which helmets would be an integral component.

Head injuries are the leading cause of bicycle fatalities. The Bicycle Helmet Safety Institute in the United States attributes 75% of all bicycle deaths to head injury. Information from the Insurance Bureau of Canada and our medical community supports that conclusion. The medical community estimates that 85% of these deaths could be prevented if helmets were worn.

As I indicated earlier, more than 4,000 Ontario cyclists were reported injured and 33 killed. On a more positive note, although bicycling is increasing, the number of fatalities has been gradually declining since 1983 and we hope this trend continues.

We fully recognize the long-term effects of head injuries resulting from bicycle crashes in this province and we will continue our efforts to increase helmet use. We estimate that about 5% of Ontario cyclists wear helmets, and this number is rising. In fact, a recent study commissioned by the Ministry of Transportation shows that in the avid cycling community of Ottawa this number is now much higher.

Recent research by the Hospital for Sick Children for the Ministry of Tourism and Recreation found that in the Borough of East York and the city of Barrie, the average helmet-use rate for children, ranging in age from 5 to 15, is approximately 3.5%. The study also found that the cost, lack of knowledge and negative pressure from peer groups were the main reasons given by many young people for refusing to wear bicycle helmets.

We believe that with continued education and awareness, the number of cyclists voluntarily wearing helmets will rise significantly. This is a view shared by many who have shared their expertise with the Ministry of Transportation. The ministry has been studying this issue for some time now and has expressed concern with the position that bicycle helmet usage should be made mandatory by legislation.

It is my expectation that these concerns and other issues will be discussed by members of the committee and by those who come before us during the next few weeks.

I would like to take a few minutes to highlight some of the matters of concern we need to address. First of all, for

legislation to be effective it must be enforceable. It must also be fair and realistic, and it must be generally supported by the people of Ontario, from Port Severn in the north to Port Robinson in the south. We are not confident at this time that voluntary compliance is at a level high enough to allow us to proceed with immediate, enforceable, mandatory bicycle helmet legislation. We hope our discussions here will provide some ideas on how we can encourage greater voluntary use of helmets.

Enforcement would pose some logistical problems. The Provincial Offences Act says children under the age of 12 cannot be convicted of a provincial offence, yet this is the very age group that has a high percentage of bicycle riders. There is no mandatory manufacturing standard in place for bicycle helmets in Canada. There are standards established by the Canadian Standards Association and other organizations, but they are not mandatory. We could require that helmets meet certain standards but in the process we would have to provide time for substandard helmet manufacturers to get up to speed.

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The federal government has chosen not to make helmet standards mandatory at this time because usage rates are so low. Hopefully we can come up with some ideas that will help encourage federal action in this regard. The CSA is in the process of developing standards for helmets for children under the age of five but in the meantime, substandard or poorly fitted helmets can actually cause more harm than good.

Another factor is cost. Helmets can range in price from \$20 to \$200. Some people, especially children, or parents with more than one child, may not be able to afford a helmet, yet their bicycles provide a freedom of mobility that we would be taking away. The study conducted by the Hospital for Sick Children, which I mentioned earlier found that price is already a factor in determining whether helmets are used. This clearly illustrates the need to educate cyclists that they cannot afford to be without a helmet.

In saying some work needs to be done to ensure prerequisites to legislation are fulfilled, we are not ruling out the possibility of legislative action some time in the future. There is considerable support for the idea of waiting until the public is more aware of the value of bicycle helmets and usage rates increase. That support comes from the Ministry of Transportation, the Ministry of the Solicitor General, the police, the Ontario Cycling Association and the Canadian Cycling Association, just to name a few.

Some cycling organizations feel that the emphasis should be placed on education, awareness and enforcement of existing safety laws to prevent collisions from occurring in the first place. We have been told that addressing the helmet issue without addressing other measures to prevent collisions may not be appropriate.

The experience of other jurisdictions that have gone the legislative route suggests that we should work to achieve a rate of 25% voluntary usage before we enact legislation. We must work to change social attitudes. Helmet use must be seen as commonplace.

The ministry intends to continue its efforts to promote voluntary use of bicycle helmets. We would be most

pleased to work with the member sponsoring this bill and other advocates of mandatory bicycle helmet use to create a better environment for effective legislation. Thank you.

The Chair: Thank you, Mr Dadamo. Are there any specific responses to that comment, or are there any other persons who want to make introductory comments? Nobody else wants to make introductory comments, and that is fine and good. We will now entertain questions. Basically, you can ask anybody anything. Mrs Cunningham wanted to pose some questions.

Mrs Cunningham: I will just say a couple of things off the top. First of all, I appreciate your remarks. They are very thorough and I think they are all worthy of serious consideration. There is just one thing I would like to say. These remarks will be distributed, so people coming before the committee, on whom we most rely for a response to those remarks, will have them in advance. That is great, because that is what we are looking for. We will make sure we get them out, as far as possible, through the clerk to the individuals who have already said they want to come and so on.

There were two comments you made that I would like to respond to, unfortunately, with some degree of expertise. When you mentioned that the fatalities are declining, I am aware of that. I am also aware that modern medicine saves a lot of lives and those are the people we are concerned about with regard to tremendous cost. I am just adding it to your remarks. I am not arguing; I am saying I agree with it.

We obviously have a little bit of work to do when it comes to some of the statistics you have offered; for instance, 25% of voluntary usage. I would be interested to know, in places where there is legislation, if in fact that was a guideline that was followed. If you have that it would be helpful for us.

I also heard you talk about the federal government with regard to the lack of mandatory standards. I am aware of that. It is something we should be working on. The bottom line for all of us here, after we hear from the experts, is to take some time to think about whether we are convinced the timing is right. What is the timing? I mean, we could all be sitting here and saying, "Two years from now, this is going to happen," and we could warn the public and give them lots of lead time. I hope those kinds of ideas and suggestions from this committee are something the ministry is serious about looking at, because certainly in my lifetime, every once in a while everybody has to have the political will to do something. I do not have it today, with regard to a time frame, but I may have it two weeks from now after the hearings. I hope it is with that spirit that the ministry has provided the comments today.

I say that seriously, because I think at some time during your comments you said during the early 1970s the minister promoted helmet use. I do not really want to date myself, but I was certainly party, through the home and school associations of Ontario, to that being initiated. I think you can understand why somebody like myself, who has watched a very slow growth in awareness and even slower

growth in children and adults wearing helmets, felt it necessary to bring forth the legislation.

Some of us some days feel like we are just running out of time. It is in that spirit that I deliver my comments.

The Chair: Do you want to respond, Mr Dadamo, or have your staff respond?

Mr Dadamo: I would like to respond to a couple of things. You made mention of the federal government and the standards. The discussions we have had in the last couple of weeks or so indicate doubts to us. Whether the helmets cost \$20 or \$200, are they strong enough and are they really going to do the work they are manufactured to do? That is what worries me. I have heard some stories that question whether, if you are going to settle for the cheaper helmet because that is all you can afford, it is really going to help the children.

Mrs Cunningham: A good question for the experts.

Mr Dadamo: Yes, it is for the experts. You are right.

Mrs Cunningham: Certainly we have tried to get information there. We have had different answers. Where there is legislation already, it has been a question itself. Some jurisdictions have legislated around where they feel confident with regard to the response to that question, but I am as anxious as you are to hear them speak to us about that.

Mr Dadamo: If we were to legislate this tomorrow and say that kids must wear helmets or anybody who rides a bike must wear a helmet, I am very fearful as to how many people are going to rush out and buy helmets. This is what I am concerned about, whether they can afford it or not.

Mrs Cunningham: Of course the greatest scare tactic of all is that the people who do not want this bill to pass are the ones who are walking around and saying, "They're going to legislate that tomorrow." That is farthest from my intent. But some days people manufacture things if they know that you and I need them; that is why I talked about lead time. Other days, parents or school boards plan budgets. We all have to plan, and I can assure you that \$50 to prevent serious head injury is a very small cost compared to what we have been through and what this government goes through in providing rehabilitation. I just cannot describe it.

A long time ago when I went through the seatbelt hearings—by the way, I was then a member of a home and school association which had taken a stand—I thought it was interesting that cars did not have seatbelts at that time. Over a period of time they did have seatbelts. Somebody had to make it happen, and if you can make General Motors work for something you believe in, maybe we can make this work.

1620

One of my colleagues, actually it was Leo Jordan, said to me the other day, just out of the blue, something I had never heard before: "You know, Dianne, if you are going to make a bicycle and sell a bicycle, maybe you should sell a helmet with it." I mean, it is common sense, is it not?

These are the kinds of things we want to talk about. Anybody who says, "Let's make this happen tomorrow" is the greatest proponent of defeating this legislation, because that would be totally irresponsible. It is so refreshing to hear that all of us know this will happen, because you at least believe in the statistics. You said that off the top. I think the three things you are concerned about are exactly what I am concerned about, and we are looking to these experts. We can have a good, sensible discussion afterwards, so I thank you very much for that.

Mr Weir: Mrs Cunningham, in response to your question regarding other jurisdictions that have helmet laws in place, I am aware of one that you mentioned, Howard county in the state of Maryland. There are two states in Australia that have had quite extensive experience with this issue, New South Wales and Victoria. They first conceived the idea of introducing mandatory legislation in 1983 and implemented legislation in 1990, and they have had tremendous results. They spent seven years doing extremely comprehensive education and awareness programs building up to that point. Before the legislation went into place, they had a minimum of 25%. In fact, with school-age children they had upwards of 75% of voluntary usage rates.

To achieve those usage rates, they implemented some pretty interesting initiatives. One of the initiatives they implemented was, if you are going to ride your bike to school, a helmet comes with you. That may certainly be one of the things we hear as part of this process as well.

Mr Hansen: I have to tell the member for London North that I did support her bill in the House and I usually listen to my constituents. I have quite a few constituents who have come to me on this particular issue, especially the Lincoln County Board of Education, and it supports the wearing of helmets to and from school but it has a problem of how to enforce it off the school grounds.

I do not have a problem in my home, because I make the rules and the rules are, with my two children, if they are going to take the bike, they wear the helmet. I did catch them once one block away with their helmets under their arms because they did not want to be geeks when they got to school. But they found out, by my taking their bikes away, that it was a lot better to wear the helmet.

Over the summer, the member for London North received articles from me, from the Fonthill, Welland, St Catharines area, about the pizza companies in that area having an education program. I know my kids were out riding more than they normally do; and they would see how many miles they could put on in a night so that the pizza man would catch them with their helmets on to get a free pizza. There has been a lot of promotion in our particular area, as Peter will know, where Port Robinson is also. I was amused at the minister's statement on that.

The other thing that concerns me, living in Fonthill just west of Niagara Falls, is that some of the subdivisions do not have sidewalks, so what happens is that a lot of children wind up riding their bikes on the road and they use the road like a sidewalk, but a lot of them are dead-end. So now we have this five- or six-year-old on his tricycle—it is

a bicycle, it is a tricycle, you know, it is hard to define exactly where we draw the line. I have some concern in that area, whether it is a three-year-old on a tricycle or a 10-year-old on a tricycle. I have seen my boys on their younger brother's bicycle out on the road, so those are some of the concerns also.

The other thing is that I attended a bicycle rodeo in Grimsby which went on inside the Grimsby arena. The police were there directing it, and it was put on by the Optimists. They had taken the ice out, and this was early in the spring. There was water on the surface of the cement, and there were lines laid out where they had to go through this bicycle rodeo. I said to the officer, "Where are the helmets?" He said, "It's not mandatory, so they don't have to wear them." I donated two helmets, but it still was not mandatory to wear those helmets in there.

I think a little bit more can be done in this particular area. The Optimists Club could have made rules on the point to say, "If you participate in this rodeo, you have to wear a helmet." I think it is going to need parents and cycling clubs to become members also, because this is part of the safe practice of bicycling.

The other concern I have, and you addressed it a little in your comments, is that the helmet should be CSA-approved. It is pretty hard. It needs to be introduced with a lead time in order to get the proper helmet manufactured. Some of the helmets in the marketplace right now are just sponge, the \$25 or \$30 one; one fall and the parents will be replacing it. So it could be a \$60, \$90 or \$120 bill a year for bicycle helmets, depending on how many times the child falls off. But the \$120 is a very cheap pricetag if the child wound up getting injured just one time.

Those are my main comments and I will wait for your response.

Mrs Cunningham: I would like to thank you immediately because you have given me a lot of materials in the last few months that I have used when I have been asked to speak on this issue, so I thank you very much. I think it is a good example of how we try to help each other in this process with things we believe in. I know I have often been interested in some of the private members' bills, have believed in them myself and have tried to be helpful, but it really feels good when you are on the other end of it. You do not appreciate it until you know you are in the middle of it yourself, so I thank you for that.

I have given a couple of examples. When I have travelled across this country, but specifically in Victoria, British Columbia, the police officers told me that in some school districts in British Columbia, you would be the odd person out if you did not have a helmet on; the pressure was on the children who did not have helmets, and they had various ways of making those helmets available. They do not have mandatory legislation yet, but they are in the process of looking at that seriously. They started out with their own police forces.

From the examples you gave with regard to Australia, and I have also read a lot of that material, I think they work hard at the public information process to begin with. I have not heard from the public yet, so I do not want to draw any conclusions, but if we looked at that as part of a

three- or four-year process, or a two- or three-year process, we would certainly have to put the resources there to make certain the public is well informed.

1630

I was talking to one of the members of the Toronto cycling club yesterday, who told me that he had some difficulties getting even a good poster for a speech he was making. He mentioned, and I asked him to bring it to us so we could see it, that one of our own ministry posters he was able to get for a group of students at Jarvis Collegiate, had children in the poster wearing the helmets incorrectly. I said, "We all want to know about those things."

Again, not to be critical, we all have something to learn, and if we are going to educate people, we had better do it right. I know the government is going to say this might have to be a massive campaign if we really believe in this, and if we have to get some private funding for it then maybe we will have to do that too. I think all of us are prepared to do what we can to make this happen.

I guess I am just glad that we now have the opportunity to talk openly, because once the public starts coming in you want to interject this stuff, but at least if you have an opportunity to talk to each other, you are not sitting on the edge of your chair the whole time people are talking to us; instead, you are asking the questions. So I am glad of this opportunity today.

Mr Hansen: I would like to make just one more comment. Something I do not think I brought up is that in the Niagara area they sold 200 helmets a year ago. This past year they sold over 3,000. I do not have the percentages, but it is quite an increase in sales.

The Chair: Mr Waters.

Mr Waters: Yes. Thank you, Mr Chair.

Mrs Cunningham: It is too bad we cannot get the fluctuations of voice in the Hansard, is it not?

Mr Waters: I do not know. Today it would not be so bad.

I would like to throw out for discussion this age of 12. I think Dianne and I have talked before off the record about what we do with the young people should this pass into law. I think maybe we as a group should have a discussion on that. First, I am concerned about charging children under the age of 12—and now I recognize that you cannot anyway—and how you would approach that limit. I would like some discussion on that.

Mrs Cunningham: I am just wondering if you could be more specific about why we cannot.

Mr Waters: I believe, as Mr Dadamo said in his briefing, there is a problem under the Young Offenders Act if children under 12 cannot be charged.

Mrs Cunningham: Whose act is the Young Offenders Act?

Mr Weir: Excuse me, it is under the Provincial Offences Act.

Mrs Cunningham: I guess we are in charge of that act too, are we not? That is my point. Who said this was going to be simple? If we take a look at legislation that is standing in our way, if it is our legislation we can do

something about it. The YOA is not. It would have taken a longer period of time, but I am not afraid of going that route either. We have had to do it before. It takes longer, but it can be part of a plan. I am interested in a plan that will be fair.

My point is that I think the 12-year-old is a bit of a red flag for us, because it is our legislation and we can change it if we think it is appropriate. We need to know more about it, but it is something that we can be educated on.

Mr Waters: That was the only question I wanted to delve into.

Mr McGuinty: I really admire Mrs Cunningham's attitude. Mark Twain said that everyone with a new idea is a nut until the idea succeeds. I am not implying that you are a nut in any way, but there are going to be all kinds of obstacles, hurdles and impediments before you, and you are going to have to stare them in the face one by one and deal with them individually.

Just to give you my perspective, in my home town, Ottawa, I spend more time on my bicycle than I do in a car, and I always wear a helmet. I have four children between the ages of five and 10 and they all wear helmets. We live on a very quiet street, so they ride their bicycles frequently. Of course, my wife also bikes and wears a helmet. Notwithstanding that, there are some difficulties here. There is an ideal you have and I think that is great. We should aspire to that. I will tell you about some of my concerns.

I believe in the idea of bicycling as a viable means of transportation so strongly and I am so interested in the safety aspects of it that I held a bicycle rally in my riding to publicize it. Unfortunately it was rained out, but I had a chance to meet with the local bicycling groups, and they are concerned about this. I think you have something in here from the Ottawa-Carleton Cyclist. There is an article here by the person who appears to be in charge, Christine Jenkins. I met with her, and she said to me, "Listen, we're not so much concerned about ensuring that a person is protected after they've been in an accident or as a result of being in an accident as we are with the preventive aspect."

Maybe Mr Dadamo or the gentleman from the ministry might have an answer to this. I am not sure if a study has been done on this. How many of those bicycling accidents could have been prevented through accident prevention education? I am not sure if you can even take a stab at that, but that is something I would be interested in knowing.

On this business of the 25% voluntary usage, I am wondering where that figure came from. Did we use the same figure when we were dealing with seatbelt legislation at that time? Did we wait until it got to 25%? How is that measured? Again, where did that figure come from? Is it purely arbitrary, or is it deemed to be the point at which, psychologically, people are going to accept legislation that will make mandatory something a quarter of us have been doing?

Mr Hansen brought up a good point about the standards, in particular this business of the helmets. My kids, for instance, wear helmets that are foam with a nylon mesh cover, to give them some colour, essentially. Although they

have not had any difficulties with them—they have been using them for a few years—I do not think they would withstand anything more than one fall. We paid I think \$50 or \$60 for each of them. I think prices have dropped since that time, and price of course is a major concern.

There are some parents who have stretched their financial resources to the limit to acquire a bicycle, and here we are saying, "Listen, folks, in addition to that, if you want to indulge yourself in that luxury or that pleasure, we're going to hit you with an additional cost." I would be concerned about ensuring that somehow we can make these affordable and accessible. In smaller towns it just may be that you cannot walk into a store and pick up a bicycle helmet because the demand is not there.

I was interested in learning from Mrs Cunningham what her time frame is until she can envision this being mandatory right across the province, as well as to what age groups she was thinking of having this apply. I think in terms of age groups, one that is right across the sector, across all ages, is relatively rare in terms of precedents. I do not think there are too many jurisdictions where it is right across the population. In particular, what about infants? I do not think we can put helmets on infants. Is this bill going to provide for that?

I have some difficulty too with the enforcement provisions. If we are going to penalize anyone whom I am just going to label a "child"—we may arbitrarily deem that to be 12 and under—in law, for instance, there is an age at which children are deemed to have come to an age where they can be held criminally responsible for their actions. I would not like to see us ticketing kids. I think there is something in here, perhaps it was New Zealand legislation, where they do not ticket the children. It says here, "Under-14s would be issued with police cautions." Maybe that is the better way to go about it.

I have not had an opportunity to speak with our local police, but it would seem to me, given the demand on their resources at the best of times, that if we add this to the slate of items whereby they are going to be called upon to enforce laws, how much time do they have and do police want to be stopping eight-year-olds and nine-year-olds on the street or escorting them to their homes and all those kinds of things?

Those are some of the concerns I had. I would be pleased to hear from Mr Dadamo, Mrs Cunningham and the gentleman from the ministry as to how they might respond to those.

1640

Mr Dadamo: I do not seem to see on the list that there will be people from police enforcement here to make some sort of presentation.

Mrs Cunningham: We have not had a response from the ads yet. They just went into the paper. I expect they will be here.

Clerk of the Committee: What I have handed out to you is a list of the people who responded. We had actually booked until approximately 3 o'clock today. I am sure there are other people who will be responding to the ads

and also to the letters that have gone out from Mrs Cunningham's office.

Mr Dadamo: From a legal point of view—I am not a lawyer, but you are, Mr McGuinty.

Mr McGuinty: I decline to make that admission.

Mr Dadamo: I guess we all speak about what is happening in our ridings as the best way to relate life and how things are really going. Our police force has been squeezed, if you will, for moneys coming from city hall to its budget this year, and probably again next year. I am wondering how much they are going to want to enforce this.

Mrs Cunningham: The police?

Mr Dadamo: Yes. Are they really seriously going to want to—

Mrs Cunningham: Can I give you some ideas from a piece of legislation that exists? I think it will be enlightening. It will probably take me five minutes. It was really enlightening for me to see it. It would be better really if I had this copied and gave it to you, but I will just read a little bit into the record.

It is from the Howard County, Maryland, police department, with regard to legislation. There is section on policy, there is a section on purpose and then there is a section on county law, a section on definitions, a section on enforcement policy, then two sections that I think are interesting—on records section responsibilities and youth services section responsibilities—and then an effective date. They separate this stuff out, and I will just go over it briefly. I am not going to read it all; that would be silly.

They have decided, as we have to decide—though I do not think you can ask me what I should do until I hear from the people—but they have decided: "Any person less than 16 years of age operating or riding on a bicycle on a public roadway shall wear a protective helmet." So under 16 is where they have decided to start. We may decide to start there.

Then they say, "Such helmets shall meet or exceed the standards set by the American National Standards Institute or the Snell Foundation." They have decided on those two. By the way, most cyclists in Canada think those are the two we ought to be looking at, and our own as well. If we decided to go ahead with this, obviously in fairness I think we are going to have some lead time because we want Canadian manufacturers manufacturing these things. So some of us will have to go to the feds and say: "Tough. We're going to do this within two years, so you better smarten up or you are going to cause our manufacturers some difficulties, because they won't be able to compete." I think that is a great stick that we can wield.

Do not write this down because I am going to have it copied for everybody. This is interesting: "The parent, guardian or legal custodian of a minor shall not authorize nor knowingly permit the minor to violate this subtitle." So parents are responsible.

Then they go on to offences. The first offence is called a Class E offence and the second offence is called a Class D offence. The Class E offence is a \$25 to \$50 fine. Do not panic, because later on it tells you what you are going to

do with kids. For Class D the penalties range from \$50 to \$100.

It says, "The court may waive any fine"—and it goes on—"if between the date of violation and the court appearance date for such a violation, the person purchased a helmet which meets the requirements." Obviously most people are going to get a warning and they get a long period of time to buy this helmet. You have to remember that it is easier to see somebody without a helmet than it is to see someone without a seatbelt.

Just last week as I was coming to what I call work I saw one of the cyclist police persons stopping at each car looking in. I actually heard him say: "Sir, would you please put your seatbelt on. It's for your safety that it's there." He did not fine anybody. I bet that guy was really embarrassed. He did not take the time to get off his bike and fine somebody but he could have, so one has to use his or her common sense.

It gets into definitions, which I will not talk about. It talks about the bicycle. It talks about the guardian or the legal custodian. It talks about the right of way. It talks about the enforcement policy, which we are interested in. I thought this was great.

"A. Basic Policy:

"1. Members will maintain an educational posture towards the enforcement of this law in order to provide citizens with bicycle safety helmet information." That is what that guy, 10 years after we have a law, was doing last week on University Avenue. He was using his educational posture. He did not fine anybody. We do not fine people now all the time. Most of us still get a warning and we have had a law for a long time.

"2. Violators will be identified by members and such violations will be documented on a bicycle safety helmet violation form." So when they do decide they are going to write your name down they have a little form.

They talk about an incident report and "when a violation is observed involving a juvenile under the age of seven." They even have a different form for a little kid. That child has to take it to his parent or guardian, if somebody bothers to give him one.

"3. Members will present each violator and any other interested citizen with an educational flyer produced by the youth services section." They are using the opportunity even though they have legislation to educate people. You can imagine all these people scurrying around over the six months I think they had to get into this law. Even with their law they are using this opportunity to educate people. After chatting with them today my assistant, Andrea Strathdee, tells me they think it is great. People are basically trying to comply.

"5. Warnings will be given to the parents of first and second violators."

"6. There will be a grace period..."

They talk about flagrant violators. That might be you, Mr Chairman, from time to time.

The Chair: I have violated many things flagrantly but not a bicycle helmet law yet.

Mrs Cunningham: "1. Even though the youth services section will be responsible for monitoring the number of violations, members may issue civil citations in appropriate situations for significant violations or extenuating circumstances." It seems to me they are really pushing, in spite of having a law, an educational route for the first two, three or four years of this legislation. People are not coming down heavy even though the fines have been set.

They talk about adult violators and they go on about what they do to the parent, guardian or legal custodian because they have decided on kids under the age of 16. We may decide something different.

"2. Where information suggests that an adult is in violation of this provision of the law, the bicycle safety helmet violation form will be completed and forwarded to the records section for documentation purposes."

They talk about aggravated circumstances and the serious stuff which you lawyers will understand, civil citations with "juvenile violators." They have to go to court. I am telling you we do not have to get heavy-handed with this. We may choose to have a piece of legislation like this where the educational component is the most important part. Common sense does work. I told you my experience with the seatbelt thing just last week. I thought it was kind of neat myself. Nobody is wasting time giving out fines. Most people are trying to wear their seatbelts. This is an example I will give to all of you. We just got this today, by the way.

Mr Hansen: I have another question. This particular bill does not mention anything about passengers, and we see a lot of young families with their children in baskets at the back.

Mrs Cunningham: I will tell you why I did not put that in the bill. I had that in my first bill. The people who opposed that first bill were not smart enough to realize that is what they should have been complaining about, not the bicycle helmet. There are no standards for these baskets. The worst thing you see is these people pulling their kids in little wagons and things behind their bikes along the side of highways. You can imagine how dangerous it is. We wanted to present the government with something that it could support. That would have been something that could not have been supported, because I am not aware of legislation anywhere for these carriers, but I am for helmets.

1650

Mr Hansen: I just wanted to make sure you crossed all the t's and dotted the i's on this particular bill. It would be unfortunate if it came back and we had a problem right at the very beginning. My wife would not agree with you on that, because she came from Germany. They never owned a car. There was a little wagon that was put on the back of the bicycle and that was their transportation in the 1940s. That is just a comment. I do not see too much of it here.

Mrs Cunningham: My guess is that in the 1940s there were not a lot of cars.

Mr Hansen: That is correct, too.

Mrs Cunningham: Now that we see so many cars on roads and highways, they are the greatest cause of serious damage.

Mr Hansen: The biggest thing with this helmet law is a fall from a bicycle, not so much a collision with a car. It is the sewer grates in some of these older towns. A bicyclist goes across and he winds up taking a flip and there is some protection there. I do not think it is so much a collision with a car. You are correct on that. There were all bikes there pretty well, with hardly any other vehicles.

Mrs Cunningham: I still agree with the comment you just made.

Mr Hansen: In the sporting end of cycling, are helmets mandatory in order to be in a race or to belong to a club? Would you know that offhand?

Mrs Cunningham: I cannot answer that question. I just know that in competition people have helmets on.

Mr Hansen: But we do not know whether it is mandatory.

Mrs Cunningham: I really cannot answer the question.

Mr Hansen: When some of these groups come forward I think it would be very interesting to find out what types of rules they have set up already. It is great to talk about what we should do, but what are we not doing right now?

Mrs Cunningham: That is right.

Mr McGuinty: On that last point, I can indicate that there is a large cycling club in Ottawa. Although it is not a rule, a kind of prerequisite to membership is that you have a bicycle helmet. I think about 95% of the members do wear bicycle helmets.

I want to come back to a question I raised earlier to take advantage of Mr Dadamo's presence here. This business of the 25% voluntary usage, where does that come from and why is it not 30% or 15%?

Mr Weir: Mr McGuinty, the 25%, as you mentioned, is not entirely arbitrary. In the latter part of your comment regarding the 25% you hit the nail on the head. It is psychological. It is a level at which we believe there would be a psychological acceptance of the law. If helmet usage were to become commonplace, so to speak, and at a minimum level of 25%, people would see other people wearing helmets and they might psychologically accept that it is probably a pretty good idea and would be more willing to accept legislation.

Mr McGuinty: That 25%, I gather, is what the ministry believes to be the threshold response.

Mr Weir: That number is not carved in stone.

Mr McGuinty: I was going to ask how that compares with the thresholds used in other jurisdictions. Do you know?

Mr Weir: In Australia, for example, among the hardest-to-reach group, the teens, they had about 25%. With the younger school-aged children it was much higher before they actually implemented legislation. In Howard county, however, I do not believe that was the case.

Mr McGuinty: This 25% that the ministry accepts, is that the average use right across all age groups?

Mr Weir: It would depend on what kind of legislation was being proposed.

Mr McGuinty: I think you indicated, or Mr Dadamo did, that right now there is approximately 5% usage. Is that correct?

Mr Weir: Approximately.

Mr McGuinty: When was that assessment made? How long ago?

Mr Weir: That was about a year and a half to a couple of years ago. I know that one of the recent studies we have commissioned in Ottawa has resulted in much higher statistics, as I am sure you are aware.

Mr McGuinty: I figured they would be much higher than that.

Mr Weir: They are higher. There are peaks and valleys. In communities where there is avid cycling it is a lot higher. I had a fax on my desk this morning; it was the first time I had seen these results. I believe in Ottawa they were in the 20% range.

Mr McGuinty: Right. We may be getting there. I am not sure you can answer this: Is the ministry completing a formal assessment of the rate of usage throughout the province now?

Mr Weir: There is no formal evaluation province-wide, so to speak. I mentioned one of the studies we have commissioned, and we have commissioned others in the past, but I believe as part of this process of determining what the usage levels are, it is a necessary task.

Mrs Cunningham: Did you say it is a necessary task?

Mr Weir: Yes.

Mrs Cunningham: I wonder, if the dollars are limited, if indeed it matters that much or if the money would be better spent on supporting the use of helmets. I am throwing this out as something to be considered. When we hear about studies and what not I guess I am in the position right now where I tell all levels of government that some of us have been elected for our common sense. We know that if we put that kind of money for a year into posters, home and school associations, paediatricians' offices and good advertising we would get that usage up faster than what by paying for studies, consultants and what not.

Not to do people out of business, but right now my impatience is such that I do not think we have been trying to do it in a well-articulated way since the 1970s, but at least we have been doing it. I give the government credit for that and all the support groups, too, which have raised money. The Kiwanis, for instance, supported the conference yesterday. They have always been there with their interest in bicycle safety.

I think it is something this committee could have a good debate about. Are we going to look at 25% or are we going to say the heck with it, like Howard county did, and let's spend another year, advertise and really put our money into that and revisit this thing—something like that. I do not know. I hate to say it because I think most of the

witnesses have worked very hard to give us some good reasons for proceeding, otherwise I would not be doing this, because two years ago I would not have introduced it. I just want us to hear from them. I have not taken the time to hear from them in the last year because I wanted all of us to hear from them. It is just a thought.

Mr Hansen: I have one question for the ministry. I believe we spent \$200,000 last year on researching bicycle paths in Ontario municipalities. There would not be any requirement for one of these bicyclists to wind up wearing a helmet on a bicycle path. If he walked across the road and if the path started on the other side he would be all right, but many of these paths would not be covered.

Mr Weir: The way the legislation is proposed, that is correct. It would apply to people riding a bicycle on the highway and that area of land included as part of the highway. Any riding that took place off the highway, on a bicycle path, through the park or on the school ground, the way the legislation is proposed it would not apply.

Mr Hansen: Let's take a look at some of the minor sports such as minor hockey. If you play minor hockey, you know when you walk into that arena the equipment you have to have on. But if you see some kids at the end of the street playing hockey on a frozen pond, nothing happens to them, but they are not wearing all that safety equipment. If the parents have enforced what children have to wear to play hockey, they should enforce it on the pond at the end of the street. I just wanted to make those comments.

I have only had one day to sit on this committee, and I know I have done most of the talking on this side, but these are some points I think should be looked at.

Mrs Cunningham: On the helmet stuff I was one of those moms whose first child did not have to wear a hockey helmet because it was not legislated then, but as the others came along they did. We had no warning. I do not remember there being a lead time and certainly no compliance. I do not know how they ever got those hockey helmets out, because I was on the school board at the time and all of a sudden hockey teams needed them and somehow they appeared.

1700

Mr Hansen: A minor hockey rule.

Mrs Cunningham: Yes. Parents, by the way, decided that. But I feel, too, that the specific places where those kids have to wear them are in hockey arenas, by a very small proportion of our students or our children, which is sad. It means that it is an expensive thing to play hockey and kids have to be provided with that opportunity. They play all over Ontario and certainly in our rural communities as much as anywhere else.

When they are on the pond down the way nobody is running that league, and therefore they do not have to wear their helmets. But I know many of them do because I see them in my neighbourhood with their hockey stick, net, goalie pads and helmets. It is an in thing to wear a hockey helmet.

Mr Hansen: Could a hockey helmet be worn as a bicycle helmet?

Mrs Cunningham: I cannot answer that, except to say I would not guess that would be so.

Mr Hansen: I do not know if they are CSA-approved.

Mr Jordan: Yes.

Mr Hansen: Are they?

Mrs Cunningham: The hockey helmets? Oh yes, there are great standards in hockey helmets, but I can see—

Mr Hansen: But those are for falls also.

Mr McGuinty: Too heavy, too hot.

Mrs Cunningham: I can see Mike Weir smiling so I know he has something to say about it.

Mr Hansen: I was a motorcyclist at one time before the helmet law came in. When the helmet law did come in we saw all types of helmets at the very beginning. We saw the old army helmets and motorcyclists said, "That is my helmet." I am just bringing all these things out so when the bill comes forward—

Mrs Cunningham: I think that is great. Maybe Mike should talk to us on that point, though.

Mr Weir: I would not recommend other types of helmets being worn in place of a bicycle helmet. Bicycle helmets are designed to provide the type of protection cyclists need; hockey helmets are designed to provide the type of protection hockey players need, according to the types of injuries they get. Mr McGuinty mentioned a couple of reasons. Hockey helmets, although they may appear light when you lift them, are heavy and hot in the summer-time. You know, that is a consideration.

Also, the way they are designed, during a fall they might create some friction on the highway while the person is sliding along the road. The way the hockey helmet is designed might actually be a detriment to the cyclist, but the bicycle helmets are designed to take those types of things into consideration.

Mr Hansen: I realize that, but I am thinking about the family we talked about earlier being able to afford it. He already plays hockey and has his hockey helmet. He might be using it for that purpose, and it should be very clear in the bill that it be a CSA-approved bike helmet, not CSA-approved helmet.

Mr Waters: I think it has been a fairly good discussion. Dianne and I had a couple of discussions outside. One of the things was the reuse of some of these helmets that initially will be a cost but as time goes on—it is like a child car seat. I wonder whether that could be developed if this bill does pass, like the organizations in my community that give out child car seats and then they are returned as the child gets older. Could we not look at doing that type of thing and encouraging it in communities to keep the price down? The difference would be to have them given out, sanitized and reissued by the local police department, so there would be an immediate bond with the local police rather than having them slap them on the wrist. There are ways of doing that type of thing to try and cut down the

cost. I know the cost is going to be one of the main concerns for a lot of poor families.

Another aspect I was going to look at with my ministry was tourists. Somebody comes into the province with two young children for a week's vacation. Are you going to demand a helmet for each of those children?

Mrs Cunningham: If you were in Germany or France, you would. If you rent a bicycle, you get a helmet.

Mr Waters: Yes, if you rent a bicycle, but we have a lot of vacationers who come in from out of province. They bring their own bicycles from the US, Manitoba or Quebec or wherever, and in those particular jurisdictions they do not necessarily have this law.

Mrs Cunningham: True.

Mr Waters: So are we going to require \$100 worth of helmet?

Mrs Cunningham: If we were Maryland, we would give them a warning, would we not? They would certainly be warned about the rules of our province as tourists. Perhaps Mike can enlighten us on how he would answer that question.

Mr Weir: I think that is an excellent question. The reuse of a helmet, according to the literature I have read, is also not recommended. I think that would be an excellent question to pose. Is the Canadian Standards Association going to be appearing before this committee? I am sure they could very adequately speak to that issue of reuse. The problem I would have with reusing a helmet is that I do not know what damage has been done to it by the previous wearer. Sometimes some damage can be done to the helmet that cannot be seen, and again, in a collision, it might not stand up to the same type of impact a new, undamaged helmet would. But I think the CSA will be able to elaborate on that. I am not an expert in helmet manufacture or design.

Mrs Cunningham: Mr McGuinty, you might tell us about your experience. I have no idea. We have never had to change a helmet once we have bought one. The same kid has worn the helmet.

Mr McGuinty: I have had the same helmets all along. They are getting rather tight around their heads, but no, there has been no need. The kind I have been using have come with inserts, and you can adjust those from time to time and remove them.

Mrs Cunningham: They do not have Ninja Turtles on them, I take it.

Mr McGuinty: No, they do not.

Mr Waters: Let's say you bought a helmet for a seven-year-old child. That child would be able to wear that helmet right through and into adulthood?

Mr McGuinty: No. She is only 10 now. That is a good point. We got it when my oldest was 7 and she is now 10.

Mr Waters: And is wearing the same helmet?

Mr McGuinty: Still wearing the same helmet.

Mrs Cunningham: It is a good question, though, as you suggested. I do not like to throw out any red flags that

would cause us to have reasons not to support this bill, but I did want to ask Mr Weir to check into something for me. When we talked, someone asked a question about where we ride these bicycles and where the enforcement should take place with regard to roads. In the Highway Traffic Act now, the way it is written, a highway does in fact include "a common and public highway, street, avenue, parkway, driveway, square, place, bridge, viaduct or trestle, any part of which is intended for or used by the general public for the passage of vehicles," and a bicycle is considered a vehicle under the act. So it looks like it is pretty extensive. I just thought you might want to look at that.

Mr Weir: I will look into that.

Mrs Cunningham: I do not have a problem with that, because after taking a look at the legislation, if you really want to pick at it, you can say, "You should only ride your bicycle on a road." We could amend it and say, "A public highway, a street, an avenue, a parkway," those kinds of things. I do not want to get into that. If education is the intent, then you use your head about it, but in fact that means you have to have a bicycle helmet on if you are riding in the schoolyard. But most schools do not allow kids to ride in the schoolyard. You walk your bicycle out of the schoolyard and ride it where you are supposed to ride it.

If you want to get into that kind of stuff, you can find all kinds of reasons for objecting. I guess what I like about the conversation today, and certainly the presentation by the ministry, is that they are not looking for that kind of stuff, which is great. You know how all of us as politicians have had to sit back and watch an administration give you 47 reasons why it cannot do what you think is right. We obviously have not heard that today. In fact, I am giving you some evidence to look at that you did not have, but I do not think we should make this complicated.

Mr Hansen: It was friendly criticism so that when it is going through, when other presenters come, you are prepared for all these particular areas.

Mrs Cunningham: I am enjoying it. The other part I am enjoying is all of us talking about what is of interest, because I could not answer the question Mr McGuinty asked about the 25% and I think Mike was quite reasonable in his response. When they start coming in and throwing all this stuff we have never heard, we are all going to have to struggle for the appropriate questions and let them know we are very serious about hearing from them, because they have done a lot of work.

Mr Hansen: I just know my kids, and they pick on all these little things, "But, dad, you didn't tell us we had to wear it down the bicycle path, only on the road."

Mrs Cunningham: Yes.

Mr Hansen: I was sort of getting at the public lands; in other words, the bike paths were public lands or highways.

Mrs Cunningham: I am telling you I am stuck with the act the way it is and I did not try to amend it, and all of those are parts of the definition of "highway." I was

reading it in so you can get the Hansard and take a look at it after.

The Chair: All of that having been said, I think we have had a thorough and fair and reasonably intelligent discussion of these issues this afternoon. I want to thank everybody. We will be meeting next on Monday, Novem-

ber 25 at 3:30 pm, at which time the Ontario Head Injury Association will be the first participant, followed by others. Subject to any other business being raised right now, we will adjourn. There will be a brief subcommittee meeting immediately upon adjourning.

The committee adjourned at 1712.

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Monday 25 November 1991

Standing committee on resources development

Highway Traffic
Amendment Act, 1991

Assemblée législative de l'Ontario

Première session, 35^e législature

Journal des débats (Hansard)

Le lundi 25 novembre 1991

Comité permanent du développement des ressources

Loi de 1991 modifiant
le Code de la route



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday 25 November 1991

The committee met at 1601 in committee room 1.

HIGHWAY TRAFFIC AMENDMENT ACT, 1991

LOI DE 1991

MODIFIANT LE CODE DE LA ROUTE

Resuming consideration of Bill 124, An Act to amend the Highway Traffic Act / Projet de loi 124, Loi portant modification du Code de la route.

ONTARIO HEAD INJURY ASSOCIATION

The Chair: The first group making a presentation is the Ontario Head Injury Association. We have two people from that group, if they would move forward. They are Jeremy Rempel and Jeff Tiessen, manager, public education. You have a half-hour. We look forward to hearing what you have to say. Please try to give us 15 minutes to engage in some questioning and conversation with you. Which one of you is going to go first?

Mr Tiessen: I am going to start. I am going to talk a little bit more from the technical end of things, what a head injury is and what we do at the Ontario Head Injury Association. Then Jeremy will take over and give you some personal notes from his life.

Telling you that bicycle helmets prevent injuries to the head would certainly be telling you something you already know. Cycling rides very high on the list of favourite summer sports and it is a great example of healthy living, but as we have come to know, it has a grisly side to it. Injuries are common and too often fatal. The number of bicycle-related injuries has risen significantly with the increased popularity of bicycle riding in Canada, and as we have come to learn, the risk of injury and fatality is highest among children.

I would like to offer you a few facts that you may not be familiar with. An Ontario survey found that bike crashes caused 14% of all fatal injuries in children from 1985 to 1987. We do not think that has been reduced at all in the 1990s. There are 5,000 kids injured while bicycling each year in Canada, and 60 of those die. Three out of every four bicycle deaths are due to head injuries. Only 3% of kids are wearing helmets, and probably most important or encouraging, wearing a bike helmet does reduce the risk of injury to the brain by 88%.

The Ontario Head Injury Association is committed to preventing the causes of head injury through awareness and education. We are working to promote the understanding of the importance of prevention of traumatic brain injuries by promoting the use of approved headgear. We have a project called Project Headgear, which is a broad-based prevention campaign designed to reduce bicycle-related head injuries across the province. We work to sensitize elementary school-age kids and their parents to the importance of bike helmets in preventing injuries to the brain.

Brain cells that are damaged are injuries that certainly cannot be repaired. They do not replace themselves. Injuries to the brain cannot be cured like a broken arm can be, which is an example that we use a lot with the kids. Brain injury, more than any other disability, forces its survivors, families and society in general to deal with changes and uncertainties. Brain injury can cause a wide range of physical, cognitive, social, personality and emotional changes.

To understand some of these changes and uncertainties it is important to consider where the brain lies and its physical makeup. It floats in a bath of spinal fluid inside our skulls, and underneath and around are unyielding and lined ridges and projections of the skull itself. We do not know a lot about this organ, but we do know it controls virtually every aspect of our being and we know it is vulnerable to specific types of injury.

There are three types. Injuries occur when the head collides with an inflexible object. This blow to the skull causes the brain tissue at the point of impact to bruise and then drives the brain against the opposite skull wall, bruising more tissue on the other side of the brain. The second type of head injury is concussive injuries and they happen when the brain smashes up against sharp ridges on the inside of the skull, often at the base or the tips and the lobes, and this again results in bruising and some tearing. Then there are the diffuse injuries caused by abrupt deceleration, when the head stops and the brain keeps going. That results in sharp twisting and shifting movements of the brain, and again stretching and tearing and shearing of the delicate nerve fibres throughout the brain occur.

Jeremy will talk a little bit more about some of the functions that are impaired in these kinds of injuries, but just to give you the quick and dirty, executive decision-making, speech, language, motor skills, reasoning, perception, appetite, sleep and emotions are all part of those things that make up who we are and what we do.

Project Headgear is about getting people to understand that head injuries are not always accidents. They are predictable, and preventable when helmets are being worn. Our progress with the project is admittedly very slow. While we are ever so slowly changing attitudes, kids are still dying and being seriously injured on bikes. We feel at the Ontario Head Injury Association that an amendment to the Highway Traffic Act requiring all bicyclists to wear helmets will save lives and save individuals, their families and society from the devastating effects of brain injury, physical, cognitive and the financial costs.

In most cases, it is very fair to say that brain injury does not happen by accident. A bicycle-related head injury does not happen by accident. Not wearing a helmet does not make it an accident. It could have been and should have been prevented. It is our feeling that no one should

take to the highway without a seatbelt and no one should be riding a bicycle without a helmet.

At this point, I would like to introduce Project Headgear's official spokesperson, Jeremy Rempel, who sustained a bicycle-related head injury to his brain about 10 years ago. He has a world record in wheelchair sport, and he has encouraged a lot of kids to put helmets on their heads when riding.

Mr Rempel: On behalf of the Ontario Head Injury Association, I would like to thank you for giving me the opportunity to speak to you today.

I am going to do my best to try to convince all of you that wearing a cycling helmet should be made law. In doing so, I am going to have to tell you many personal things about myself, things I do not like to admit about myself and things that I have to live with because of massive brain damage I received in a bike accident 11 years ago. I am willing to put my pride aside in order to save the lives and preserve the quality of lives of anyone who may be susceptible to a head injury.

To tell you the truth, I really should not be here today. It is a miracle that I am alive. On my ninth birthday I and a couple of friends were cycling in and out of the driveway near my house, waiting for the party to begin. My dad was picking up a few friends of mine to come to the party and my mom was busy getting the party ready. I was just cycling out of the driveway when a pickup truck came out of nowhere, his side-view mirror striking me in the forehead. The truck's blow sent me into a nearby ditch and left me unconscious. At the same time, my dad was driving home and saw people gathering around the ditch. Dad thought the neighbour's dog had been hit. When my mom and dad saw me, they realized I was in deep trouble, even though at that point I had no broken bones and no visible marks on my body except for where the truck had hit me.

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I spent four months in total in the hospital. I spent 15 minutes at the Niagara General, then they rushed me to St Catharines General, where I spent three days, then I was airshipped to Hamilton and then to Sick Kids in Toronto. At Sick Kids I had a shunt inserted into my head to drain the excess water off my brain and had my forehead reconstructed.

You see, when you hit your head, the brain bounces around inside the skull, causing cutting, bruising, swelling and irreversible damage. The doctors had to put me into a coma to remove part of my skull to let the brain swell. The skull was reconstructed with five of my ribs, cut and wired together to form a new forehead. A shunt was put into my head to drain off excess water. However, too much water was being drained off, so they had to add another shunt to regulate the water around the brain.

There were many times the doctors, my family and friends felt they were going to lose me, but I pulled through the trauma of the accident and had to start my life all over again. I spent seven months at home with a nurse before I went back to school. I tried to go back to my regular school, but I was not functioning like the other kids. In fact, some of the closest people in my life said

they had to relearn to like me because my personality and abilities had changed so much.

Because I could not function at a regular school, I was sent to the Niagara Peninsula Crippled Children's Centre to attend special education classes and receive intensive physiotherapy, occupational and speech therapy. When I first went to the centre, they put me in a power-drive wheelchair. My visual perception was so poor I kept running into the walls. Because I was a danger to myself and the other kids, they put me in a manual wheelchair and I learned to push it myself. When I first started, my dad says it took me at least half an hour to get from the kitchen to my bedroom, which was about 10 feet away.

My physiotherapist at the centre taught me how to walk again, the medical aides toilet-trained me, my teachers worked on my concentration and learning skills and the occupational therapist taught me how to do up buttons, tie my shoes and do all the things I used to be able to do without giving them a thought. I now walk with a limp, live with severe headaches, tire very easily and have no peripheral vision on my left side. I must take seizure medication for the rest of my life.

But let's get away from the physical difficulties. Truthfully, any physically disabled person will tell you it is not so bad; they have learned how to cope and lead full and exciting lives. In fact, two of my co-workers who are physically disabled have no problems holding down active careers and full social lives independently. Fortunately my physical disabilities do not create a big problem in my life either. It is what I call my hidden disabilities that sometimes make my life a ball of confusion and leave me frustrated and make me dependent on others at all times. I call them hidden because if I am with someone who knows the assistance I need, no one around me knows the difficulties I have. But if I am left to fend for myself, my life starts to crumble around me.

For example, my good friend and co-worker Debbie Kerslake and I first met at the crippled children's centre, and I will never forget the day she told me to put my gym bag on top of my head while we were riding home on the bus together. When I got home I said to my parents, "Gee, it was hot on the bus today with my gym bag on top of my head." Debbie knew I would do exactly what I was told without reasoning or asking myself why, but then she started to accept me for who I was. I got a lot wiser, and since then we have become the best of friends.

Now Debbie works with me at the Ontario Head Injury Association. She is my thinker, organizer and planner. She thinks ahead and anticipates for me and teaches me how to do things in a patient, caring and friendly way. Sometimes she gets frustrated and embarrassed and annoyed with the things I may do or say, but day by day things are getting better for both of us.

I would not be able to hold down a regular job without this kind of assistance. In fact, I tried working independently and I was very unhappy. Although I feel I am a good speaker and I have an outgoing personality, I have great difficulty organizing my thoughts. I have a tendency to say things I regret, and many times people misunderstand the meaning of what I say. But I am one of the lucky few who

has sustained a head injury and has been given a great deal of support from family and close friends.

Before my accident I was always very interested and active in many sports. I ran, played hockey and little league baseball. In fact, my ball team won the league championship the summer before my accident. After my accident the best thing I did was sleep. I was very unmotivated and had very few open emotions. However, my dad, being the fighter that he is, was not going to give up on me. He heard about Sports for the Disabled and got me involved, first in wheelchair basketball and then in wheelchair track. He recruited coaches from the local university to work one on one with me.

We went through many volunteer coaches when I first started, as not too many people understand the difficulties of a head-injured person. In a last-ditch effort my dad asked one of the new staff members at the centre where I was going to school to coach me. Being enthusiastic, young and probably pretty stubborn herself, she started coaching me every day after school. We developed a long-lasting relationship and now I have become a world-class athlete with her help. I will be attending the next Para Olympics, which are going to be held in Barcelona, Spain, this summer.

I am very lucky to have the love and understanding of my closest friends and family members. In fact, my coach and I have developed a close personal relationship throughout the years and I am happy to share with you that we have decided to spend our lives together. I think my story may be one in a million for those of us who have sustained a head injury. Not everyone has a father who will not give up, a mother who accepts me and likes me for who I am, an interesting job that is fully supported and a girlfriend who accepts both my physical and hidden cognitive disabilities. In fact, I have not met one head-injured individual who is not struggling in at least one aspect of his or her life.

Even though I have led what may look like a charmed life, I often ask, "Why did this happen to me?" I still have to deal with many difficult situations on a day-to-day basis and I have learned to take the lead from others. I have my days when I get down about my disability and I would never wish it on another person. This is why I have focused my energies on educating others on the importance of wearing a cycling helmet whenever they get on their bikes.

If cycling helmets had been readily available to children when I was nine, my parents may have had me wear one. If wearing a cycling helmet had been law, I would not be in this seat today. Although I do the best I can educating children, parents and teachers on the importance of wearing a helmet, I can only hope and pray that I make an impact on some other lives. I cannot make kids wear a helmet. Children do not see my hidden disabilities. Not all children and adults are educated on the dangers of a head injury.

Now that you have heard my story I hope that you can understand the importance of making Bill 124 mandatory. If this bill does become law, you will be saving and preserving the quality of lives of thousands of people for years to come.

Mr McGuinty: I want to thank both of you at the outset for some very powerful and compelling testimony before our committee. I am going to ask you, please, if you have any more statistics relating to bicycle injuries. People fall off bikes fairly regularly, I would think. How many of those injuries are more serious than others? How many are likely to result in head injuries and those kinds of things?

Mr Tiessen: I do not have more at my fingertips to help you with right now, but when I mentioned the 5,000 kids in Canada who have sustained injuries by cycling, those are reported hospitalized cases. There is something called the silent epidemic that we talk about in the head injury field, and that relates to the tens of thousands of people who sustain a head injury each year, not necessarily through bike accidents but through other means, that are never diagnosed. They find themselves experiencing headaches more commonly. Math becomes a problem at school. Friendships deteriorate. Those numbers are not included in that 5,000. It is tough to know how many are out there.

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Mr McGuinty: One of the concerns raised here is that if we make it the law that you are going to have to wear helmets, it may be that parents are going to have difficulty keeping the helmets on their kids' heads. Then they will have the possibility, depending on how the law is set up, that the police will be dealing with children without helmets. Do you have any comments on potentially charging kids or charging their parents because the kids disobeyed their parents?

Mr Tiessen: Enforcement is not going to be an easy task. I am sure that is one of the more difficult issues you will have to deal with in this committee. It is our feeling that more difficult tasks have been dealt with by governments on the political level. There are examples out there in other countries of the way those situations are being handled, and I am sure they would offer good examples of what we might do here in Ontario.

Mr McGuinty: Do you think we could accomplish just as much through an extensive education program?

Mr Tiessen: What we do with our prevention campaign is include a lot of education with it. It is probably much easier for a person to understand what happens to your head or your body when you are not wearing a seatbelt and hit the dashboard or the windshield. We find that kids do not understand what can happen when they fall three or four feet off a bicycle, so we feel it is very important to complement all our prevention efforts with education and information about head injury. I think that would be the case here too.

Mr Phillips: This is a technical question you may not be able to answer. If you wear a helmet, does it help you with neck injuries as well? Is there any evidence that helmets would help in more than just head injuries?

Mr Tiessen: I could not answer that.

Mr Phillips: Maybe one of our other witnesses could. My intuition is that it might be the case, but I guess we would need some expert advice. To help me out on the

numbers again, the 5,000 injured and 60 dead, you estimate that 45 of those would be through head injury?

Mr Tiessen: That is right, yes. Not so much estimates, but what has been determined by hospital emergency rooms stats.

Mr Phillips: What about any evidence of people who are wearing a helmet in a similar accident? I guess there are not that many wearing helmets now, but is there any good evidence of the impact of wearing a helmet in similar accidents? If you have the helmet on, what does it do to increase your odds of not being badly hurt or fatally hurt?

Mr Tiessen: There have been studies done that show that wearing a bike helmet reduces the risk of head injury by 85% and brain injury by 88%. That has been documented in a study by the Seattle Harborview Hospital.

Mrs Cunningham: I would first of all like to thank you, Jeff and Jeremy, for coming today. I thought it was a most fitting first presentation before the committee. Every time I meet you, Jeremy, something is new, and so congratulations on your future marriage. It is great. And also on that speech you read. It was just great. You have made great gains. For the committee members, Jeremy and I met each other probably about three years ago. We do not see each other often but every time we do, he makes me very proud to know him. I wanted to say that.

I think the technical question that you asked, Mr Phillips, may in fact be answered later on. I notice that Dr Peter Lane, the medical director of the trauma unit at Victoria Hospital in London, will be making a presentation, so perhaps he can help us out. I am not sure of the qualifications of some of the other people coming before the committee but we can certainly continue to ask.

Both of you made a pretty strong presentation today for the legislation. We have not discussed this, but one of the questions I get as a person who has presented this bill to this committee is, are we really ready? Is it necessary that we have legislation? There are still those who feel that we should just pursue the public education-prevention route. I wondered if you could respond to that question. It is one that we get often.

Mr Tiessen: Jeremy has done a lot of work in classrooms and his testimony is very effective. Almost entire classes have purchased helmets after your presentation, if I am correct. Right?

Mr Rempel: Yes. I think we are ready. I think the public is ready for that.

Mr Tiessen: It is tough to take Jeremy's effectiveness into every classroom in the country. As I mentioned, in the province at least, our progress is very slow with an educational and a prevention campaign. We do reach some, but obviously there are some we are not reaching. I think legislation and education can very nicely complement one another.

Mrs Cunningham: You mentioned whole classrooms of students going out and buy these helmets. One of the other criticisms that we do have is the cost of helmets. What can you tell us about the cost of these helmets in your work?

Mr Tiessen: Through Project Headgear, we have aligned ourselves with several helmet manufacturers where we have been able to get helmets at a reduced rate and make them more accessible to kids. It is an issue. We have found help in a number of different areas. Service clubs are willing to help out and provide them to kids who cannot afford them. There are, I think, a lot of examples of how that can be facilitated and we are just tapping into a couple of them, the service clubs and rebates and that sort of thing.

Mrs Cunningham: I guess the third question is, we are not quite certain when we move forward with this legislation. There are precedents around the world but some just legislate for children and others for adults, and I wondered if you would comment on that.

Mr Tiessen: Simply, we think it is important for everyone who is on a bicycle to be wearing a helmet.

The Chair: Mr Lessard and then Mr Dadamo and Mr Waters, if there is sufficient time.

Mr Lessard: I am going to be very brief. I just wanted to thank both of you for making your presentation here this afternoon, especially you, Jeremy, because I think that if this committee accomplishes nothing else, it has given an opportunity for real people to tell real stories about the impact that receiving a head injury from not wearing a helmet has had. We can talk about statistics and numbers and problems with enforcement, but the type of work you could do is probably far more effective than any laws we might be able to pass. You have given a good example about how you were able to influence a whole class to go out and acquire a helmet. I just want to wish you the best of luck and hope that you keep up the good work.

Mr Dadamo: Thank you to Jeremy and to Jeff. I would like to direct a couple of questions to Jeremy. We have been told that the fluctuation in pricing on a helmet can go anywhere from \$30 to \$200 and maybe up. I want to stress that the federal government has no CSA standards in force at this time for how tough these helmets must be. What do we do when we have kids or parents going out and buying a \$30 helmet because they cannot afford the more expensive helmets and that \$30 helmet may not be protecting the kid's head?

Mr Rempel: When you look at the helmet, look inside the helmet and make sure it has got either ANSI or Snell or, like you said, CSA-approved. If the kid does not want to wear the helmet when he gets on the bike, just say: "Okay then, you're walking everywhere. The bike doesn't come out of the garage until you put the helmet on." Take the privilege of riding the bike away from the child if the child refuses to wear a helmet and say, "Look, the bike doesn't come out until the helmet goes on the head." Personally, I know people who have done that and they say it works like a charm. The kids will walk everywhere. They will walk to school, they will walk to their friend's house, they just do not ride their bike because they are not wearing their helmet. All you have to do is say, "Look, the bike doesn't come out until you put the helmet on." Right?

That is one way you can do it. Another way is you can say: "Look, you know, helmets are very important and \$30 these days is a lot of money. I'm not doing this for my

health. I'm doing it for your health." If you don't wear the helmet, what's the point in having it?"

1630

Mr Dadamo: We also get the impression that kids think that wearing a helmet is not cool. If you could answer, and I am sure you will answer as honestly as you can, if you could go back to being eight or nine years old, do you think that you would have worn one if your mother or father had said to you, "You've got to wear this thing to save yourself"?

Mr Rempel: Back when I was nine, they did not have helmets. They thought helmets were just for professionals and people who needed them. The kids these days, their friends call them a sissy or a girl or something like that if they wear a helmet, and they think they are cool if they do not. But what I say is, if you wear a helmet you know what you have to protect and you know how to protect it, but the people who do not, do not. They do not know anything.

What I say to the kids when I go to the schools is, "You can spot the coolest kids in the neighbourhood by looking at the ones who are wearing the helmets, and you can spot the dummies, the people who are not that smart in the neighbourhood, by seeing the ones who do not wear helmets and fall off the bike." You can say: "I had a car crash and I was wearing my seatbelt and I survived it. Another person had a car crash and was not wearing a seatbelt and died." You can look at it like that. That is the kind of stuff I give to the kids when I go to the schools.

Mr Waters: The helmets we have now would probably stand up well to a bump or a fall off a bike, but are they adequate to survive a collision, let's say, with a car doing 20 miles an hour? Do they still protect the head at that speed?

Mr Rempel: Yes, they would. If you wreck the helmet, throw it out, because it is not going to protect you again if it is wrecked. If you have wrecked the helmet in any way, just throw it out and go buy a new one, because it is no good to you any more after that.

Mr Tiessen: The CSA can provide some valuable resources as to how they test the helmets, which are put under a lot of force in the testing they do here in Toronto. Undoubtedly, it would hold up in a collision at 20 miles an hour.

Mr Waters: Okay, because I am assuming that most accidents are on town streets where the people come into collision with vehicles.

Mr Tiessen: Probably mostly. If I could just take a quick second. We have a project we did with the Optimist Club. We gave helmets out to kids over a 30-day period and they were theirs to keep. They could earn the helmets if they logged some of the responses they were getting from friends, family and even strangers about the reactions to them, just so we could get a feeling of what kind of attitudes are out there, the negative attitudes.

One helmet came back with a hole pierced in it. A five-year-old child had just fallen sideways off the bike and the head hit a rock, the rock went through the hard shell cover and into the styrofoam. It undoubtedly saved

some sort of brain injury in that case, and that was just toppling over sideways.

The Chair: Mrs Cunningham has a brief response to one of the matters raised by Mr Dadamo.

Mrs Cunningham: It is important that we all understand, because I think it is a bit tricky, the quality of the bicycle helmets that people are wearing.

The federal Department of Consumer and Corporate Affairs did not make a new Canadian standard for bicycle helmets mandatory; it was that simple. The three standards for helmets one buys now in North America are those of the Canadian Standards Association, the Snell Memorial Foundation and the American National Standards Institute. So there are three insignia you can look for that are recognized and sold in Canada that meet these three standards.

We had an opportunity to come down with an even higher standard here in Canada and we did not do it. But it is not that across North America people do not have the opportunity to buy helmets. By the way, they are manufactured in Canada meeting the three existing standards.

The Chair: We are also going to have a chance, when the bicycle helmet standards committee comes here, to talk further about that. I want to thank both of you, Mr Tiessen and Mr Rempel, for coming here this afternoon.

I want to say this as well. The Ontario Head Injury Association has been the leader in education and lobbying for treatment, care and appropriate facilities for persons who have head injuries. Jeremy Rempel and his family, Ray Rempel, have been at the forefront, have been in the leadership, the vanguard, of what has been a real struggle now for a number of years. They were recently given a contract for services by the Ministry of Health which helps relieve some of their financial difficulties. But it remains that they are—it is no secret—in the red, not in the black.

They have, among other things, been struggling for the right to raise their own funds by that simple and common process of break-open tickets, Nevada tickets, and have been trying to work with the Ministry of Consumer and Commercial Relations for the right to have volunteers peddle those break-open tickets across Ontario. They recognize that governments are not going to be able to keep on giving money like they have in the past, because governments do not have money. The head injury association really wants the right to raise their own.

I am hoping that all the members of this committee and other members of the Legislature will join with them in the fight to persuade the Minister of Consumer and Commercial Relations. We have to get her and sit on her until she agrees to let us sell those break-opens. The work that Ray Rempel and the head injury association have been doing for so long is too important to let it disappear over some very petty rules and standards which could be quickly rectified.

Please say Merry Christmas to your family, Jeremy. It is good to see you again. Good luck in Barcelona.

Mr Rempel: Thank you.

The Chair: Let me know before you go. There might be an extra seat. These guys would be happy to get me out of here for a while and I would be more than happy to go with you to Barcelona. Take care. Thank you.

ALAN BURKE

The Chair: People of course are welcome to stay and hear what others have to say. We now have Alan Burke. Please give us your comments in five to 10 minutes so we have some time to talk to you.

Mr Burke: I will be fairly brief. I should give you a little bit of my background in cycling. I am currently civic affairs director of the Toronto Bicycling Network. I am involved with the Toronto city cycling committee. I am one of these rare people who actually cycles to and from work 52 weeks a year in downtown Toronto.

I am very much in favour of helmets and currently have personal experience about how they have saved injury just from my own cycling. But I think one of the big issues in this whole area is education and resources being put towards the education of cyclists. Statistics I have read say that 85% of injuries to cyclists usually involve some sort of a head injury, most of which would be greatly lessened if a cyclist was wearing a helmet. I myself have had personal experience where, having had a wipe-out, I am sure I would have been sitting in emergency at the Wellesley Hospital but for having worn a helmet. I basically got up and cycled on my way in a matter of a few minutes.

In the United States, a number of states are currently committing 1% of their transportation budgets, if not more, to education and to resources towards cycling, like road network design and other issues. Currently the Ontario Ministry of Transport has a very minuscule amount of money that is spent in the whole area of road design and in considering aspects of cyclists in road design.

It is great to say, "We will pass a new law and make helmets mandatory," but the reality is that current laws are very irregularly enforced in Ontario. I personally cycle a lot and I know very few cyclists who have ever been charged for violating any rule of the road, for riding at night with no lights, for riding terribly. A lot of this has to do with the attitude of the police and the attitude of the Ministry of Transportation. Somehow a lot of people still do not view bicycles as a viable means of transportation. I strongly urge the committee to look at the education aspect.

I myself, for example, am currently training over the winter with the Toronto city cycling committee to be qualified to give the Canadian Cycling Association's Can-Skills bicycle safety course. I am one of a few hundred cyclists in Ontario who has ever taken the Can-Skills II course. It is a 24-hour course which covers about 16 hours of riding on the road and eight hours of classroom instruction.

I think it is important that the committee look to helmets ultimately. Whether people wear them or not, they will have to be convinced by education that there is a practical aspect to wearing them. Given the lack of enforcement of current laws, ultimately it will come down to people being convinced in their own minds of the benefit of wearing a helmet.

Then you get into the issue of whether, when a helmet is involved in a serious injury, it should be replaced. For the purpose of a police officer enforcing the law, there is no way of telling whether a helmet has been in a serious accident and is still a viable helmet.

One of the committee members asked how much protection a helmet would offer in an actual collision with a

vehicle. One of our members on the Toronto Bicycling Network actually went head-first through the windshield of a car wearing a helmet and the chap only sustained minor cuts. I am sure he would have been probably killed or severely brain-injured if he had not been wearing a helmet.

In summation, I would like to say I am personally in favour of a helmet law. But the committee has to look at education and also at the resources being put through the Ministry of Transportation and other agencies, so that it does not become another law on the books which is currently not enforced, which today seems to be the standard for almost every other rule of the road under the Highway Traffic Act relating to cyclists.

1640

The Chair: Thank you, sir. Mrs Cunningham, try to keep it below four minutes, please.

Mrs Cunningham: Thank you very much for coming down this afternoon to help us, and you really have. I agree with you, although you have said it much more strongly than I ever could, that just because you have a law does not mean to say you do not educate people as to the other things that have to happen. We are making notes of all of these things, Alan.

I wonder if you would answer three questions I think are very important. The necessity of the legislation is one of the questions I get all the time. I am wondering if you would respond to that.

Mr Burke: I think a lot of it would be addressed with education. I myself have been wearing a helmet since 1982 and I cycle thousands of kilometres a year. Also I take my vacations with my bicycle and I cycle to and from work. I think education more than anything will be the most effective long-term solution to the problem.

I really wonder, given that I see very little enforcement of even the current rules under the Highway Traffic Act, whether just passing another law—I mean, it looks nice; it is on the books; it is now part of the Highway Traffic Act. But the bottom line is that I kind of question that aspect. I know when you hear from the Toronto city cycling committee, it has similar views to mine, that a lot of our resources should be geared towards education, which today does not seem to be a high priority with the Ministry of Transportation.

Mrs Cunningham: Looking at the jurisdictions where there is legislation, the numbers who wear helmets are significantly higher. I would like to say it is 100% because it is law, but we know it is not. But we know we are looking at 95%, so that in itself, I suppose, is one of the reasons I presented the bill.

Have you got anything to offer the committee on the cost of the helmets?

Mr Burke: Yes. You can buy helmets today from \$30 up. Typically, the upper range for most helmets would be \$30 to \$90.

My understanding of the three standards that are currently in the North American market is that the Snell standard is the most rigorous standard. If you look at helmets, not every helmet that is ANSI-approved meets the Snell standard, because it is a more rigorous standard. Personally,

when I buy a helmet I always look for a helmet that has the Snell rating versus the ANSI, because typically some of the very cheap helmets, such as are sold by Canadian Tire, may meet ANSI standards but do not meet Snell.

Mrs Cunningham: There is some question within the committee, because the legislation in place now with regard to age groups varies, if you have a preference on that, just from your own experience. We are looking at it for everybody.

Mr Burke: If you are going to pass a law, I think it should apply to anybody who is a cyclist, regardless of whether it is a kid six years old or an adult. Mind you, you get into the problems of enforcement, particularly with youngsters under 12. Do you charge the parents? How do you enforce it in the case of young children? Currently in our bicycling club, although helmets are not mandatory, basically anyone who shows up at our club and rides without a helmet, we strongly suggest should wear a helmet. Generally over time virtually 99% of the members in our club do wear helmets. A number of them know people who have been in accidents who have easily walked away because they have had a helmet.

Mr Arnott: Thank you, Mr Burke, for coming out today and for your presentation. I am just interested in getting a little more information about the Toronto city cycling committee. I was wondering if the committee directly engages in any educational efforts for the public abroad, if you have the resources to do that or if you have some suggestions as to what the Ministry of Education might be doing to assist you in that respect.

Mr Burke: The Toronto city cycling committee, just to give you a brief description, is a committee formed by the city of Toronto. The group of individuals gets some funding and the committee gets some funding from the city of Toronto and does have at this point, I believe, three permanent staff—they recently expanded it—as well as one secretary.

They do provide education through Cyclometre, which is a newsletter which currently has a distribution—do not quote me on the exact figure, but 4,000 to 5,000 copies are currently being sent out. The names have been gathered during Bike to Work Week promotions the city has and encouraging people to get on the newsletter. I myself even a few years ago appeared before the executive committee of the city of Toronto council when they wanted to disband the city cycling committee because they did not feel it was appropriate but, when they had over 200 people show up, they soon changed their minds.

There is certainly more education being done in the schools through the Ministry of Education, and I have heard of other groups, but there is still a very large growing population of adult cyclists who are not really being addressed by any group directly. In our club a lot of our members are in our thirties as a common age range. The club itself has instructional rides and we do encourage helmet use, but I think the whole area of education for the general population has to be further addressed.

Mr Lessard: Do you not think that passage of legislation would be part of the education as well?

Mr Burke: I will give you a good example. In downtown Toronto I would say probably 90% of cyclists, just from my experience, never have lights at night. I have yet to ever see a cyclist pulled over and given a fine for riding without a light by the Metro Toronto police. The whole attitude of the Ministry of the Attorney General, the police forces and just municipalities has to give more emphasis on cycling.

For example, in some states 1% of the highway traffic budget is geared towards providing cycling. At the University of Colorado all first-year freshmen have to take a bicycle training course because more than half the students cycle to the university. The law probably is something that should be put in force, but you cannot just put it under the Highway Traffic Act and leave the status quo as we have today, which means it will become somewhat of a joke.

Personally I would like to see more enforcement from the point of view of being a responsible cyclist, because most car drivers see 80% or 90% of the cyclists on the road disobeying a lot of the rules of the road, so how can the minority of responsible cyclists get any respect? The answer is we cannot, and I personally would like to see a lot more enforcement of the existing laws under the Highway Traffic Act, but unfortunately that does not seem to be the case today.

Ms S. Murdock: I used to teach school and I was a lawyer who, when I articulated, articulated in the provincial offences court doing exactly all the charges under the HTA, so I know exactly what you mean in that cyclists do not get charged. Plus, as a driver in this province, every spring I unfortunately—well no, it is not unfortunate—I fortunately come from the city of Sudbury. We do not have 52 weeks of bicycling all year, but every spring I dread seeing the bicycles on the road. I was particularly enamoured of the point that you made on 1% of the Ministry of Transportation budget.

1650

Mr Burke: I believe, for example, the state of Colorado is one of the states that currently commits 1% of the money spent on highway design on design for cycles. There are a lot of things that could be done while building a highway that do not add a lot to the cost but make it a lot safer to cycle. A three-foot shoulder is a common thing. The benefit of that is also that, when the road crumbles, you have some leeway so that the lane is not crumbling as well when the cars are driving in. Some people feel that a shoulder cuts down on the maintenance in the lane. When it is being done, when you are building a new highway or doing a major renovation or reconstruction of an existing highway, it is not that big an issue to add at that time.

Currently before the House of Representatives in the US there is a so-called 3% solution bill which is being proposed, that 3% of all federal moneys in the US that are spent on highways be committed towards allowing design issues to be considered and facilities for cycling as part of that work.

Ms S. Murdock: In terms of enforcement, I know, as you stated, that no one gets charged for not having a light or not having a reflector tape or whatever. I do not know

what the situation in Toronto is. When I was an elementary school student we had a sergeant, Archie Stewart, who did nothing but go around teaching elementary school kids bicycle safety. You had to pass a test before you were allowed to get on your bicycle. He is no longer around. Our regional police do not do that any more. In fact, there is no one really designated for that kind of thing. I am wondering if Toronto is in the same situation, although I see that it has got policemen on bicycles now. How does that work down here?

Mr Burke: Currently the Metro Toronto police are expanding. This summer they had approximately 25 police officers on bicycles out of 52 Division and, I believe, out of 14 Division. It has gone over quite successfully. There have been cases where I understand they are starting to enforce some of the rules of the road against cyclists, but still your odds of a cyclist breaking a rule and getting charged are so low that for most people it is not a consideration.

Ms S. Murdock: It is pretty difficult to catch them when you are in a car.

Mr Burke: That is another aspect too, but I guess the Metro Toronto police are starting to realize that, for patrolling the parks and even patrolling certain areas of downtown with congestion, a police officer on a bicycle is a very effective means of enforcement.

The Chair: Thank you. This is this type of question that heightens the concerns we have about the fact that neither the Solicitor General nor the Attorney General, along with Ministry of Health or Comsoc or Tourism and Recreation, have responded to the letters that were sent to them telling them about this committee process. It is just remarkable.

Mr Waters: I represent the area of Muskoka and I have to tell you that, like Ms Murdock, come spring we shudder because we have a lot of two-lane highway and we have a lot of cyclists who seem to think that four abreast is a nice way to tour Muskoka on their bicycles, and you have popped around the corner and there is nowhere to go. I know what you mean. You worry more, I think, as pedestrians in Toronto than you do as cyclists because, when they come to a set of corners, they break the rules.

With the helmets, if we implement the law as it has been where it has been put in in stages, do you think that would be a way to do it, in other words, deal with the adults first? Looking at peer pressure on children, if we legislate the adults, then let's say to age 19 as the young age, and then three months later go to 15 and then down, do you think that would be more effective?

Mr Burke: I think it would be a way of introducing the legislation. In the spring I will be involved in giving education courses, which I am currently qualifying to give over the winter. What I would like to see, if you brought in the law, is that a lot more resources be spent, say, this coming spring, if you decide to bring in the law in a year's time, on the education fact that most people probably do not realize that 85% of injuries to cyclists are head injuries. If you were wearing an adequately approved helmet, you would walk away.

I personally was in an accident on Wellesley near Church because there was an oil slick on the road and my bike just wiped out. It was a spectacular wipe-out and three cars stopped. If I had not been wearing a helmet, I am sure I would have been lying on a stretcher at emergency in the Wellesley Hospital.

I think a lot of the aspect of making it a success is education. Maybe having a massive education campaign and spending some resources and then phasing in the law would give advance notice that you are going to be passing the law. Then start explaining the benefits to the greater adult population of wearing a helmet and the fact that there are enough helmets available today so that one can usually find one that fits and one that is a lot more comfortable. I remember that my first helmet 10 years ago was a Bell Tour Lite. It had very little ventilation and was very uncomfortable. Today your choices of helmets, and they are much better ventilated, are a lot more comfortable than they were 10 years ago.

Mr McGuinty: Mr Burke, I am from Ottawa-Carleton. I thought, when I heard news at the outset of Mrs Cunningham's bill, that this would be received with open arms at my local bicycling clubs, but in fact I took the opportunity to meet with them over this and they are not. The way they presented it to me is that these head injuries are not the problem. They are presenting the symptoms of the larger problem, which is lack of education for cyclists. They are concerned about cyclists who do not respect the rules of the road and about drivers who do not respect cyclists. In fact, some of them have gone so far as to say that if we put helmets on some of these people they are going to think they are invulnerable and they will go even further in terms of abusing their privileges as a cyclist and not following the rules of the road. What do you think about that?

Mr Burke: I certainly think that skills training for being a cyclist is just as important as learning how to drive a car. Currently the Ontario Cycling Association very much spends its resources on racing and has very little time to even look at recreational and transportation areas, which is the majority of cyclists, particularly in bigger cities like Ottawa and Toronto.

There is a valid point to be made that some people may think, "Now I've got a helmet, so I'm safe." I would like to see the Ministry of Transportation fund appropriate agencies so that more cycling education and training courses can be given in the province. I know last summer in Toronto approximately 100 people took the Canskills II bicycle course, of which about 40 were police officers who were going to be going on the bikes.

The number of people who even take a basic eight-hour course, which the Canadian Cycling Association has, is a very small number. I think that should be encouraged. Certainly just the attitude of saying, "It we pass helmets, we will solve all the bicycling problems," is only a symptom, because a lot of accidents are avoidable with learning emergency manoeuvres, emergency braking, which is a skill to be learned just like it is to learn to drive a car.

Mr McGuinty: We had some statistics from an earlier witness, Mr Tiessen, and he talked about 60 children dying each year in Canada as a result of injuries suffered while bicycling. How many of those would have been avoidable? Are you aware of any statistics regarding that?

Mr Burke: I am not aware of statistics. One organization I do not know if the committee has contacted that has done a lot of research is Bikecentennial out of the US, in Missoula, Montana, which is the largest recreational cycling organization in North America, which has about 40,000 members. It has some statistics. I would imagine it would be a good organization to look to for that. There is also potentially the League of American Wheelmen out of the US as well, which has done joint research in that area.

I personally could not give you statistics on that, although from my own experience, because of my skills, I easily avoided one accident just last year because I knew how to make an emergency right-hand turn. If I had not been a trained cyclist, it would have been an accident for sure.

The Chair: Thank you, sir. You know how much we appreciate your joining us this afternoon. Your comments are well made. Please follow this as it develops and, if you have other things to say, just let Mrs Cunningham or Mr Dadamo know. Either of their offices will be pleased to talk to you.

Mr Burke: Thank you very much.

1700

MARCIA RYAN

The Chair: We now have Marcia Ryan. Come up and be seated. Proceed with your presentation, and then of course we are all going to want to ask questions and engage in some dialogue.

Ms Ryan: I am Marcia Ryan. I cycle every day in Toronto throughout the year and I am involved in encouraging others to do the same. I am concerned about this bill.

I do not support mandatory helmet wearing for cyclists in Ontario. It is a regressive measure that does not address the issue of safety for cyclists. Wearing a helmet in Toronto does not decrease my chances of an accident at all. To shift the responsibility of safety away from motorists, from urban planning and from the general non-cyclist mentality does not advance the cause of cycling. The bill overlooks major contributions brought to our society by all cyclists. As a Canadian, I feel we lack maturity vis-à-vis our cyclists.

There are two kinds of cyclists: those who wear helmets and those who do not. This amendment discriminates against a certain kind of cyclist and singles out cyclists from motorists. Motorists do not wear helmets while driving, a far more dangerous activity and perhaps one that subjects many to head injuries. Furthermore, the legislation singles out those with very modest incomes from the main population who indulge in the privilege of driving, cycling being the equalizer in an unequal society. Is this another example of social injustice?

Many of us have chosen the bicycle over the car or public transit as the solution to protect the environment. This is a conscious effort that now faces a setback if this bill were to be passed. The setback will be triggered by the

extra cost of helmets and by tension increased between the cycling community and the law. This is demoralizing for those who do not wear helmets and who are responsible. Not wearing a helmet will be breaking the law. There will be fines, perhaps confiscation, or are these details not yet addressed? After all, these must be only details to those who do not live by their bicycles.

As a result, the legislation will bring about a decrease in the number of cyclists on the roads. How does this answer the city of Toronto's commitment to the 20% reduction of carbon dioxide emissions in the transportation sector by the year 2005, global warming being the worst threat to this planet? The environmental issue is not just a theory. It is real and with us for ever. We are living in times of crises.

Cyclists have taken the initiative to change the habits of Canadians in their mode of transportation. As Canadians, we are so addicted to our cars we cannot see the pioneering of our cyclists. Yet we decide what is good for them. Let them decide for themselves. We need all the cyclists we can get on the roads. They must be allowed to be, without infringing on their efforts.

As a responsible society we must come to grips with the real issues, and the real issues are not addressed by padding our cyclists. Time is running out. We need to stand by our cyclists very strongly and not look upon them as a problem, but as a solution to heavily motorized urban communities such as Toronto.

I will never campaign against helmets. I will never undermine the confidence of helmet wearers. I respect them. Therefore, I ask the same from them towards me. I resent being taken for an idiot. I resent losing my right to ride my bicycle as I see fit. I have never endangered anyone by riding my bike. I respect the Highway Traffic Act and I respect my sense of wellbeing.

Why is there such harshness? Why such meanness? I see this amendment as a licence to harass cyclists. What happens to the grandmother in Kensington Market going to fetch her bread at the bakery? Is she irresponsible? No. I see her as being beautiful. In winter will the helmets have earflaps or will you try to legislate not riding while it is snowing? When do laws become useful and when do they become a hindrance to a way of life? This is a situation where the law would definitely be a hindrance.

I resent being forced to ride in a certain way by someone who does not ride to work every day throughout the year. Does my life as I live it not mean anything to you? Why is my life yours to change? Why is my sense of poetry subject to your mockery? We need poetry. We are impoverished as a society that has little imagination.

I envision a place with more bicycles and fewer cars. I see a less aggressive and simple way to be. There is beauty in the simplicity of cycling. Perhaps it is the last vestige of freedom which attracts many of us, freedom that allows imagination. We are losing a sense of wellbeing with laws of this nature. There is safety in wellbeing.

Furthermore, these laws are costly on the enforcement level, costly on the legislative level and costly to our efforts at minimizing the impact we have on the environment. The key to safety is education. There should be a lobby for cheaper helmets. This does not require a law.

I do not believe that mandatory helmet wearing will increase awareness of one's safety; education will. Support groups within the community are beneficial to safety, but I see nothing of this nature in the bill. The issue is to maintain the confidence of the cyclist, not undermine it. I feel confident on my bike and I feel responsible. However, I feel unaccounted for in your bill.

This morning, on a bicycle trip between Bathurst Street and Sherbourne Street, there were 30 cyclists to be seen. Six wore helmets and 24 were riding without helmets. A few minutes later, on another bicycle trip between Bloor Street and Queen Street, out of the 15 cyclists seen, one wore a helmet and 14 did not wear a helmet. Out of 45 cyclists only seven wore helmets. This is significant, as we are observing here the more committed cyclists in the community who feel confident about their daily habits. They should not be undermined; they should be respected, yet they are unaccounted for in Bill 124.

Please consider cyclists who do not wear helmets as vital and responsible members of our society. Stop the discrimination and spend your energies on the real safety of cyclists. That concludes my presentation.

Mr Waters: In your presentation, when you were talking about accidents, I noticed you focused on people having accidents with vehicles. I am wondering why the focus on that. Granted they are head-injured then with accidents with vehicles, but they are also head-injured when they just slip on a patch of oil, as the previous gentleman said, and their head strikes a curb, or when they get hung up in a streetcar track in Toronto and they strike their head. I think that is part of what it was for. I wonder about your comments on that.

Ms Ryan: Indeed it is very dangerous to ride in Toronto. You hardly address safety when you put on a helmet. I mean, the streetcar tracks will always be there. The oil patch will always be there. In fact, if we opened the curb to be able to dismount at intersections, that would help safety more than a helmet. It is indeed very dangerous. The fewer cars on the road the better, and the fewer oil patches, but you cannot get around it; it is dangerous to ride your bike.

I think we have to promote a cycling mentality. We have to promote allowing cyclists to take the road. If you do not feel confident, that is also a very dangerous thing. If people want to wear helmets, then they ought to wear helmets because if they feel safer then they should. I think there should be a lot of education and a lot of support for that to make people feel safe and confident. But I think that is a different issue to the whole picture.

Mr Waters: What about, let's say, the two-year-old who is strapped in a little seat behind mom or dad and they are going along the street and they wipe out? They get away clear from the bike. How do you feel about that particular instance? Should those children who are strapped into the bikes have helmets on? Unlike the actual rider who can step free or roll free or whatever if he falls, in most cases these children cannot. Do you feel there should be helmets there or no helmets in any way?

Ms Ryan: I feel that to be the parent's responsibility. I feel that a lot of parents do not want to take their children

out on their bikes. It is far too dangerous. There is just no cycling mentality yet in this city. We are just at the beginning. I think parents are responsible and that they would be more so with education and greater awareness that is brought about within the community, within the structure.

Mr Dadamo: You said that out of 45 cyclists, you counted seven wearing helmets on the excursions you were making that day. Do you think we should be spending money on education? Do you think that education should be the operative, that we should be spending money to educate people, parents and kids in the schools that they should be wearing helmets and that wearing helmets will save them traumatic injuries?

1710

Ms Ryan: I think they should be educated to wear helmets and they should also feel that this is where it is at for them. If helmets make them feel safe then so be it, but I would not impose it upon them if they feel safe without the helmets. I think those are two different things, to educate and to impose.

Mr Dadamo: What about enforcement? Do you think police officers will want to stop people who are not wearing helmets? The way I look at it is that we give them something added to do.

Ms Ryan: Yes, we give them something added to do. Are you asking me to guess whether they are going to stop?

Mr Dadamo: I am talking about the whole thing of enforcement.

Ms Ryan: I have never been harassed by the police as a cyclist, but then again, I obey the law and I do have lights. I do not know if it is a requirement. I see a lot of people who wear helmets but do not have lights so I am not quite sure what goes on in their minds as to safety.

Education has to be greater than helmets. There has to be a sense of wellbeing, but I think education has to extend to the drivers. The drivers should be told to drive as little as possible, to be taught at the driving stage and before they get their licence to be aware of cyclists, to allow and give priorities to cyclists, to look over their shoulder before they open the door. Maybe test them with cyclists on the road so they realize they are a vital part of our community.

Ms S. Murdock: The inability to enforce is a concern to me here. Having said that, the last part of your presentation reminded me of all the arguments we got on the seatbelt law when it came out. People said, "I know how to do it. I'm not going to get hurt. I have been driving this way all my life and I don't need to wear a seatbelt," when it has been proven statistically that it has been a safety factor and reduces accidents.

It reminds of my mother when she used to tell me that just because everybody else jumped off the cliff did not mean you had to do it. Just because everyone else is not wearing a helmet, does that mean it is okay for you not to wear a helmet? Do you know what I am saying? I am concerned that it is an argument that just because seven out of 45 were wearing helmets does not mean that makes it okay.

Ms Ryan: We are not.

Ms S. Murdock: I am just saying that the reverse side of your argument is that it does not make it right because they are not wearing them, although what you are talking about I think is a personal freedom.

Ms Ryan: Yes. I am talking about a personal freedom and about safety issues that are not addressed with this bill. It is dangerous to ride out there. There is a lot of work to be done to make cycling safe.

To take cyclists this morning as being irresponsible is not right. They are responsible cyclists. They cycle every day, and in this weather it is obviously people who are committed to cycling to work every day. They chose to wear hats instead of helmets. It is a reality we have to face that these people, me included, want to ride their bicycles with a hat instead of a helmet.

The seatbelt is to do with a very dangerous way of transportation. Cars are a very dangerous way to go. But if you want to compare helmets to helmets, heads to heads, as I presented, you could compare the head injuries with drivers in car accidents. You could say that they should wear helmets while driving. Then I think the comparison is legitimate.

Ms S. Murdock: You do not see a comparison at all between seatbelts and wearing helmets? Making it mandatory, I mean.

Ms Ryan: No, not at all. You are going 60 miles an hour in a car. It is very slow on a bicycle compared to a car. The safe thing is not to have cyclists, which is what I heard in your comment.

Ms S. Murdock: No, I was not saying that at all.

The Chair: Ms Murdock, let her finish, because time is fleeting.

Ms S. Murdock: I was not saying not to have cyclists at all.

Ms Ryan: But, you know, you cringe in your seat.

Ms S. Murdock: Having said that, though, your argument holds water as long as you are working on the supposition that all bicyclists are safe bicyclists. Unfortunately, that is not the case in this province. It is not so much the adults. I have been driving in Toronto here and I find a lot of them hazardous; not all of them, but a lot. It is the young kids I have the problems with, particularly in my own home town. They do not know the rules of the road.

Ms Ryan: That is education. A helmet on their head is not going to give them the rules of the road either.

Mr McGuinty: I am glad you raised the aspect of the environmental benefits of cycling. There are so few things today, it seems, we can label good without reservations, and I am glad you brought forward the health aspects and the environmental aspects. You went on to say, however, "The legislation will bring about a decrease in the number of cyclists on the roads." Why are you so sure about that?

Ms Ryan: A lot of presentations were saying that if you do not have your helmet, you are not going to ride your bicycle. Personally, if I am stopped and I am fined because I am not wearing a helmet, I can either really be aggressive and say, "I'll ride again and then I'll get fined

again"—who knows? My bike will get confiscated. That makes me less a rider on the road.

Nobody wants to be hassled. People want to be good citizens and harmonious, and it is going to bring down the number of cyclists unless you are going to turn a blind eye, at which point why have a law and waste everybody's time and not address the issue of safety at all?

Mr McGuinty: What if we were to bring about a comprehensive safety education program in concert with mandatory helmets? What if we were to educate everybody to your satisfaction and in addition require that they wear helmets? I understand a lot of your argument to be that the helmet is not addressing the safety concern, but what if we do that and helmets?

Ms Ryan: What do you say to somebody who does not want to wear a helmet? Are they irresponsible?

Mr McGuinty: I will tell you what some people might say. They might say, "Our right to cycle, like any other right we exercise in a democracy, is bounded by certain limits."

There is always the economic argument. People might say, "Listen, if somebody suffers a head injury as a result of failing to wear a bicycle helmet and society at large is paying for medical treatment, it would have been cheaper to put in place a mandatory helmet program rather than to treat these people, and I as a taxpayer insist that we go ahead with the mandatory helmet program." What would you respond to that taxpayer?

Ms Ryan: There are a lot of things that weigh on taxpayers, a lot of things that could be addressed. I do not see those arguments being valid, because you just say, "Take the cyclists off the road and that will save a lot of tax money." It really is a hindrance to legislate a law that has nothing to do with the people who ride bicycles responsibly. I cannot see it being effective in the safety aspect.

I would never say to people, "Don't wear a helmet." It is extremely important, if it makes you feel safe, to wear a helmet. But I do not wear a helmet and I feel kind of vulnerable having to justify it.

1720

Mr McGuinty: You do not wear a helmet and you do not want to wear one.

Ms Ryan: That is right. If I were mountain biking, I probably would wear one, because it is a lot more dangerous. But yes, I feel quite safe the way I ride. It is not as dangerous.

Mr McGuinty: If my premise was correct, that it is cheaper to implement a mandatory helmet program rather than it is to treat you, I gather your right to choose not to wear a helmet is superior to society's right, for instance, to minimize health care costs.

Ms Ryan: Society is a group of us anyway. We have a number of us who do not wear helmets, and surely we count for something. Surely that is society too.

Mrs Cunningham: Thank you, Marcia, for coming down today. I know that you have been in touch with our office before and that you have some strong feelings. I just wanted to reassure you, and I think you probably heard it

earlier today, that it certainly is not our intent to take away from the issues of good urban planning or from public education, and certainly not from the issue of motorists having the responsibility for safety. I share your views, certainly as a cyclist, that we would like to see more bicycles out there.

I did want to ask you a question with regard to costs, because you raise that as an issue. I am sort of going along the line Mr McGuinty had there. I wonder if you heard the two previous presenters, especially young Jeremy Rempel. The cost of his not wearing a helmet has been significant to his family, and certainly to society. One of the arguments we get from people in favour is that \$50 or \$20 or \$90 for a helmet is not a high price to have to pay, but it is a high price if one is head-injured and has to go through what that young man has gone through.

Ms Ryan: There is no argument there. It is obviously a sad situation, but I think it is a cost for a lot of us who do not have an income. That is a reality too. If the man who presented earlier had worn a helmet, I am not sure what would have happened either. Everything is theoretical, and if there was a law, would he have worn a helmet at that particular time?

Mrs Cunningham: I suppose I would take a very strong argument on theoretical, because I think for many years it was theoretical in this province, but for myself, if I had not been not presented with very strong statistics, I would not ever have presented this bill, and I have to tell you that.

This was not a new suggestion. Some seven or eight years ago in London, Ontario, there was a group that wanted to see this kind of legislation. At that time I did not feel, even though they did, we had strong enough facts and research in many areas, not just accidents but helmets. There were all kinds of aspects, as you yourself have pointed out to us, and I want you to know that I would not be presenting this bill if it did not have very strong backing with regard to statistics and the fact that as a cyclist you would be much more protected with a helmet. You choose not to wear one, but as a person who came here and said, and I believe you, the key to safety is education, I cannot believe you ride as much, if you are educated, and do not wear a helmet, given the facts.

Ms Ryan: So you are saying I am stupid.

Mrs Cunningham: No, I am not. I am saying that in spite of facts, if you are educated—and you say you are, because I certainly would not call anybody stupid—you have chosen for other reasons not to wear one, and I respect that.

That was one of the problems in presenting this legislation. I do believe in individual rights and freedoms, and every once in a while people like ourselves are entrusted with I think a very significant responsibility when we are even looking at this legislation. My first viewpoint of course would have been yours, for many years, but I just wanted to say that, when you say it is hearsay or whatever, for me it is not hearsay. I do not believe people who choose not to wear their seatbelt or not to wear a helmet are stupid. I believe they have made some kind of a personal choice,

and that is up to them. In the case of seatbelts, they have also chosen to break the law, which draws me into the next one.

You mentioned something about lights on bicycles and you were not certain about what the rules were.

Ms Ryan: That is right. I sense that you are supposed to have a bell, but whether you have a light or not in the front is not law.

Mrs Cunningham: It is the law to have a bicycle light, an amber or yellow light on the front of your bicycle. You must have that bicycle light on half an hour before sunset and half an hour after sunrise, and the fine for not doing that, for breaking the law, is \$20. That is in the statutes of the same act we are trying to amend. That is part of this act now.

Ms Ryan: Does the back have to have a light?

Mrs Cunningham: The back has to have a reflector, and there are a certain number of inches of reflecting material you have to have at different parts of your bicycle. The legislation is quite extensive. It is amazing that it has been in place for so long. Those of us who were educated in the 1950s had it memorized, because we had to have a licence. When I was a child growing up in this city and all the way through high school, I was a cyclist. I had to get a licence by the first of April every year to ride my bike. This dates me significantly, I understand.

My own children, as part of the Cubs and Scouts and Girl Guides, would have a police officer in. This is recently; I have to tell you that. They would have a safety officer from the police force or someone else—we had a presenter before—come to educate the children around the rules of bicycle safety. We had to upgrade our bicycles quite frequently, especially with regard to lights, which became quite expensive, and the bell did too actually. They would be kids and it would break and they would not do anything about it.

But with us, in Toronto, on April 1 you did something about it or your principal would not let you bring your bike to school if you did not have your little licence. That was quite embarrassing, because if you broke the rule with your principal, then you did not get your school letter, right? I am just telling you that it is important to be educated around safety. One hopes that the laws are there to protect us in some way. But I do appreciate your coming down, because I think you do hold the views of many people, and I do respect them.

The Chair: Mr McGuinty, real fast.

Mr McGuinty: A real quickie. Ms Ryan, if you had children, would you require that they wear helmets?

Ms Ryan: Yes. Riding in the city, yes.

The Chair: Ms Ryan, I want to thank you for taking the time to prepare the submission and come here and engage in this dialogue. Your point is well made. It is an interesting perspective. I am confident it will be repeated in future days, and I think I speak for all the committee when I say we are particularly gratified to see individuals responding to legislation like this and participating in the committee process and showing an interest. It is horribly important and we look forward to your coming back on

another issue in the near future, whichever issue that might be. We are not sure what it is yet.

Mrs Cunningham: We will phone you first.

The Chair: But thank you, Ms Ryan, very much. We appreciate your time.

Ms Ryan: Thank you.

1730

PETER LANE

The Chair: Dr Lane, if you would please commence with your presentation, sir, I think it can be done in less than 15 minutes and that will give us plenty of time for questions and dialogue.

Dr Lane: First I will read my presentation, but I sense there may well be a number of questions, so I will try to be brief as you suggest.

When I first learned of the proposed legislation you are considering today, I was excited and impressed: excited at the potential impact of the bill and impressed with its simplicity. Rarely in health care does such an opportunity exist to so positively and significantly affect the wellness of our communities with so little expenditure of public resources, and rarely in health care is a preventive answer to an identifiable health problem so clear and irrefutable. Rarely in health care is the need for such a measure so great.

By way of introduction, I should perhaps outline my background a bit so that you can appreciate my perspective. I am an emergency physician and have been involved in the field of injury control and trauma medicine for more than 10 years, initially here at Sunnybrook and now in London at Victoria Hospital. I have served as president of the Canadian Association of Emergency Physicians and the Trauma Association of Canada. Currently I serve on the board of directors of the Association for the Advancement of Automotive Medicine. That is the principal organization internationally involved in the field of injury control and automotive medicine. Since April of this year I have served as the medical director for trauma services at Victoria Hospital in London. Victoria was designated in February as the lead hospital for most of southwestern Ontario.

I hope, in the context of this presentation, to bring you some understanding of the costs of acquired brain injury, both human and financial, to review some of our experience in southwestern Ontario and to remind you, in addition, of some of the evidence supporting the efficacy of helmets and helmet legislation. I thought, to begin with, I would put a bit of a human face to it, although I obviously cannot compare to the presentation that was made earlier by the Ontario Head Injury Association. But I would like to talk about a real person, a child who sustained a head injury riding her bicycle. Surely the goal of any such preventive measure is to positively affect the lives of real people in a real way.

I would like to speak of Emily. Emily is not her real name, but Emily is a 10-year-old child who sustained a devastating injury recently. She had been a happy child, doing quite well in school. She was going into grade 6 and had been an excellent student to that point. On the day of her injury she was riding her bicycle and she was following her brother. Her brother did not see her at the time, but

he remembers that she wobbled a bit and then lost control, fell off her bike and struck her head on the pavement.

She did not lose consciousness and she was taken to the local emergency department where she seemed fine and had a minor laceration repaired. As she went home, she was a bit drowsy. Her mother let her nap and returned only one half hour later to find Emily unresponsive. She was taken back to the hospital where she was resuscitated and transferred to the Children's Hospital of Western Ontario, which is the paediatric division of Victoria Hospital. There she was further resuscitated, investigated and underwent surgery for a massive epidural haematoma. An epidural haematoma is a collection of blood from a haemorrhage of one of the blood vessels around the brain. In Emily's case, the bleeding was so severe that it compressed the entire brain over the left-hand side. That caused irreversible damage by blocking off the blood supply to most of her brain.

Emily spent the next three weeks in our paediatric critical care unit undergoing intensive therapy to combat brain swelling and other consequences of her injury. The head injury, by the way, was her only injury. She spent another eight months undergoing intensive neuro-rehabilitation and eventually was transferred to another centre for further therapy. At the time of discharge from our centre she could not sit unsupported. She could not stand or walk independently. She had double vision, little sensation of any sort on the right side of her body, could not speak and had a major learning disability. Our hope is that Emily will be rehabilitated to the point that she can operate a wheelchair. We hope she can learn an alternative form of communication and, with full-time assistance, perhaps benefit to some degree from school.

This child, I will repeat, had been an excellent student in grade 6. Her injury in all likelihood was entirely preventable had she been wearing a bicycle helmet. Emily's life would have been dramatically affected by the legislation that you are considering here today.

I thought it would be helpful to take that case and look a little bit at case costs as a means of estimating the economic impact. This was alluded to a few moments ago, and I think it is an important part of the consideration. Case costs are difficult to estimate in Ontario for any condition, but perhaps they are better understood in the field of injury than in most others. If we look simply at the hospital costs of the course of care that I have outlined to you so far—10 months in an acute care hospital—Emily's care cost was approximately \$230,000. But if we further add in the costs of subsequent neuro-rehabilitation, the cost of physicians' services, special education, attendant care, assistive devices and other ongoing care costs for the rest of her life, this figure amounts to well over \$1.5 million.

The American Trauma Society, which this past year has mounted a public education campaign on bicycle helmets, estimates that the lifetime cost for a severely injured pedal cyclist in that country averages—and that is an average—more than \$4.5 million in US funds. That could buy a lot of bicycle helmets. Preventing the costs generated by a few cases like Emily's could go a long way to solving some of the problems that I hear Mr Laughren has these days.

Many pedal cyclist injuries occur at low speeds or even while stopped, particularly among children. This is an important point to bring out in light of some of the discussions about collisions with automobiles. Bicycle riders are in a precarious position perched atop the seat with their centre of gravity much higher than normal, with their feet off the ground. For the young rider just learning, sometimes the injury may simply occur as a result of a loss of balance while stopped in the driveway or on the sidewalk. However, the deceleration that the brain undergoes inside the rigid, bony box of the skull when this child hits the pavement can be just as severe as if he or she were hit by a truck.

Trauma medicine has advanced to the degree where we can effectively treat many if not most of the other injuries a cyclist may suffer. But the treatment options with severe head injuries are much more limited and the results much more frustrating. Plainly stated, we would rather not have to treat them at all.

Thankfully, few pedal cyclist injuries are as devastating as Emily's. I have outlined in the table in your document our recent experience at Victoria Hospital. I should say, though, that daily, particularly in the summertime, hundreds if not thousands of patients with minor injuries are seen across this province in emergency departments, and they never get admitted to hospitals so they do not factor into these numbers. As we learn more about acquired brain injury, it is becoming quite clear that these minor injuries do in fact have long-term consequences. Many of these children go on to develop mood disorders, sleep disturbances, headaches, significant cognitive defects, as evidenced by reduced school performance or workplace performance, and in the adult population, marital breakups and sexual dysfunction.

You can see there some of the statistics with respect to the cases we are seeing. Perhaps I will save time by not going through those numbers but leave those with you for reference. I should mention that those come from one of 11 lead hospitals for trauma in the province. We see many but certainly not all of the significant injuries within our region. To try to compute a provincial figure, you would need to multiply that factor by probably at least 15. We are hoping in this province to get a trauma registry in place some day in the near future. It does not exist at the moment so I cannot give you provincial numbers that have any sort of accuracy.

Looking at helmets now as a preventive measure, epidemiologists speak of three levels of prevention. They occur at three different phases in the course of an illness. Primary prevention involves the introduction of measures to reduce or eliminate the chance of an illness occurring at all. The eradication of smallpox through universal immunization programs is a good example of that. The total elimination of bicycles in our province would achieve that, but it is neither feasible nor desirable.

A secondary prevention, however, involves identifying the population at risk and introducing specific measures for that population to reduce or eliminate the illness. Breast cancer screening programs and pap smear programs are examples here. The screening programs to identify those risks are expensive but the payoff is felt to be worth

while. With pedal cyclists, however, we have an easily identifiable population. There is no need for a screening program. The only screening you could say is involved is simply in the area of enforcement. Tertiary prevention refers to measures taken once an illness has been identified to reduce the severity and incidence of complications and to improve outcomes.

The requirement to wear bicycle helmets would serve principally as a secondary preventive measure, the at-risk population is clearly identified, and the measure is effective in reducing the incidence of illness. As an added bonus, we know that helmets also serve to reduce the severity of those injuries that do occur. I am sure your staff has provided you with the article from Seattle, published in the *New England Journal of Medicine* in 1989, in which the authors conclude helmets were "highly effective in preventing head injury." They reduced head injury by some 85% and reduced the risk of brain injury by 88%.

It should be noted that very few preventive measures already legislated or regulated can come anywhere close to that sort of efficacy. This includes, I must admit, a number in the field of injury control. Motorcycle helmets are rather ineffective at high speeds. Seatbelts are of limited use in side-impact crashes and at higher velocity frontal-impact crashes. Driver's licence suspension would appear to matter little to the many drunk drivers involved in crashes while under suspension. But the projected efficacy of bicycle helmets is by comparison quite remarkable. The fact that they could be introduced with minimal public expense verges on the spectacular in terms of cost-effectiveness in public health measures.

I want to thank you for the opportunity to address you on the legislation. I have tried to give you a bit of the perspective of some of us involved in caring for these patients. I understand that Dr Michael Schwartz later in your hearings will be making a presentation on behalf of the Trauma Association of Canada and he will reflect some of these issues as well. The problem of brain injury among cyclists is a tragic one and the solution seems unusually effective and inexpensive. I urge you to help us prevent these injuries by supporting the legislation.

1740

The Chair: Thank you, doctor. We have six minutes for each caucus, beginning with Mr McGuinty.

Mr McGuinty: Dr Lane, thanks very much for coming around and sharing your experience with us. I wonder if you are familiar with statistics on a broader basis as to the incidence of injuries in terms of the age groupings. Do we see more kids injured on bicycles than we do adults?

Dr Lane: Yes, we do, and if you look briefly at our table, our table is pretty reflective of what you will find in most of the articles published in the literature. A little more than half of the injuries in Canada are in children. The difference in children is that, because of the relative size of their head with respect to their body, they are much more likely to sustain a head injury, and in more than half of the cases of injured children their head injury is the only injury, whereas in the adult population significantly less than half of them will have a head injury. They will have other

injuries because they are at higher speeds and they more often involve motor vehicles. Well over half of the injuries in children involve no other vehicle.

Mr McGuinty: I see. So we are talking about children toppling over, essentially, at very slow speeds.

Dr Lane: Yes, toppling over. Sometimes slow, sometimes faster speeds. They may even be stopped. But again, as I say, if you can picture the child perched atop the bike, his centre of gravity is a lot higher than his little balance mechanisms are used to figuring out. When he topples over, his feet are off the ground, his hands are on the handlebar. He does not have the same sort of protective instincts that an adult does; he does not know how to roll. So yes, they are in a precarious position and they are usually toppling at low or no speeds.

Mr McGuinty: Have you ever had any experience dealing with the kinds of helmets that are available on the market today? Have you ever been asked for any input?

Dr Lane: No, but I certainly wear them, as does my family, so I am familiar with them from that perspective.

Mr McGuinty: Are they satisfactory?

Dr Lane: Yes. I am familiar with the ANSI and Snell standards and essentially CSA has the same level, I believe, as the ANSI standards, with a few amendments. From everything I understand, the Seattle study in fact was looking at helmets that met the ANSI and the Snell standards. They are a little bit different. I would not say that one is necessarily better than another, because they conduct their crash impact worthiness in a different fashion. The ones in Seattle had to meet both standards as they do in most state legislation.

Mr McGuinty: One of the earlier witnesses I think indicated he felt that Snell was better. What do you say about that?

Dr Lane: As I say, they are different standards. They conduct their impact crash worthiness testing differently. It is just a different model. One involves crashes into a fixed barrier; another involves striking it with a more penetrating object, and there are different loading factors. You would need a physicist to thoroughly explain the different standards to you, but they are both reasonable standards.

Mr McGuinty: You are dealing with people, parents, children and adult cyclists, who have become acquainted intimately with the problems that arise when you do not have a helmet. What about the general public? Do you feel the level of support is out there now that we would need in order to put in place some kind of legislation, which is going to require tremendous support? We just cannot enforce it, realistically speaking. What do you think that level of support out there like?

Dr Lane: I should turn the question back to you. You are a much better gauge of what the public opinion is on different issues than I am. I can tell you a depressing fact, and that is that probably over half—it varies; I think there are about three studies in the literature—the people who have been involved in bicycle crashes not wearing a helmet who sustain a head injury actually wear a helmet the next time they go out on their bike. No matter how intimately you become acquainted with the risk of riding a

bike without a helmet it does not seem to have the impact it ought to. So I am not sure. I hold out hope for education, probably more so in the field that has been referred to earlier: traffic safety standards and adhering to the rules of the road.

A good example to look at is what happened with motorcyclists. We tried for many years in the injury control field to try to educate the motorcycle population through motorcycle safety associations and through public advertising campaigns on the utility of motorcycle helmets. I think the most optimistic usage rates were in the range of 40% to 45% among motorcyclists. Since legislation was passed, you virtually have 95% to 98% usage rates on the public roadways. People wear them even if they do not believe they are going to help them. They realize they are so visible as a sign that they are violating the law if they are not wearing a helmet that they accept it and they all wear it.

I do not know whether the public is generally in support of the measure right now. I think the public that thinks about it is. I would suspect that once introduced it would not be as much of a problem to enforce, certainly in the adult population, as you suspect.

Mrs Cunningham: First, thanks for coming in from London. It was not great this morning. I doubt whether it was great this afternoon.

Dr Lane: A lot worse.

Mrs Cunningham: Is that right? Everybody is in a snowbelt today.

I want to ask the same three questions, but before I do I want to thank you. I think members of this committee from time to time feel particularly privileged at the kind of input we get. Today I would like to thank you, Peter, for coming, from that point of view, because so often people are too busy to come to speak even when they have the expertise. We really do appreciate it.

I think my first two questions you have already spoken to: Obviously you think the legislation is necessary, and the cost-effectiveness you presented in a way I could not have done. I am wondering if we are under some pressure to stage this. The previous two people I did ask the question of said that we should not stage it and that it ought to be for everybody if we are going to do it. I wonder if you have any strong feelings on that, given your work with all age groups.

Dr Lane: I would think it should be for everybody. I do not think we are going to be able to convince children to wear helmets unless they see adults wearing them. I do not think you could stage it in terms of having children wear them first. I do not see any rationale to staging it for adults first before children because children are, if anything, the higher-risk population and there is more of a moral argument than anything else to get children to wear them, since they are not at an age usually where they can make that decision for themselves.

I had difficulty, to tell you the truth, with the way seatbelt legislation was introduced in this province in 1976 when we went for adults before we went for children. A lot of American jurisdictions, although they dragged their heels on the adult side, felt there was more of a moral

argument to introduce it for children first, and I would think so. I do not see any reason to stage it at all. I think we should recognize it is important for all ages.

Mrs Cunningham: With regard to the head-injured as you see them, one of the questions we get asked is with regard to rehabilitation programs close to home. I wonder if you could talk about the availability in Ontario, and in your experience, what kind of costs we are looking at for the rehabilitation programs.

Dr Lane: I chose this case because to some degree it illustrates that. There are some real problems in the area of brain injury rehabilitation in Ontario. There has been within the past couple of years a joint initiative from the Ministry of Community and Social Services and the Ministry of Health to address this to some degree, but there are still tremendous service gaps throughout our communities.

This case highlights some of those points. This child is from a region to the north of London. She spent approximately eight months in London and is now in Toronto. That gives you an idea of the sort of rehabilitation facilities there are close to home. You can just imagine the costs to that family in terms of spending almost a year in London and now having to go back and forth from Toronto: tremendous dislocation for the family and dislocation for the child from the emotional supports she needs at a very vulnerable stage. We have some real problems.

We had hoped, in the context of the regional trauma network initiative through the Ministry of Health, to start moving out into the communities and training hospital staff in the different communities throughout southwestern Ontario in rehabilitation and particularly brain injury rehabilitation, but that unfortunately has not been funded. There is a real need throughout all areas of the province, but certainly in the southwest, for care closer to home, care in the community and in secondary hospitals in the province as well as in the teaching centres.

1750

Mr Arnott: Dr Lane, thank you very much for coming in. Very briefly, do you feel kids on skateboards should be wearing helmets? Should that become mandatory as well? Do you see many patients who are involved in that sort of accident?

Dr Lane: We see some. We see very few with major head injuries, though. Having said that, my son wears a helmet when he skateboards. There are extremity injuries from skateboarding in terms of wrist and leg injuries that can be significant, but we can do something about those. The head injuries are not as severe, to tell you the truth, from skateboarding. It is usually larger children skateboarding whose centre of gravity is lower and usually something hits the ground before their head does: hips or shoulders or something else that takes a fair bit of the decelerative force.

Mr Arnott: Can you project this beyond bicycling and suggest any other activities that should require helmet usage by kids?

Dr Lane: I think we have looked at that in the area of organized sports, and hockey is the obvious example there. I would encourage that sort of thing to occur. But in a

recreational activity as unregulated and as unorganized as bicycling, I think we have to do it this way. I cannot think off the top of my head of any other category that comes anywhere close in terms of the incidence of head injuries as cycling.

Mr Waters: I do not know why this puzzles me: If you were to take an adult and a child who had the same accident with the same blow to the head, would the adult's skull and brain take the blow better than the child's?

Dr Lane: Let me understand your hypothetical situation a little bit better. Do you mean an adult and a child falling from the same height or do you mean involved in the same bike accident or do you mean a single blow, decelerative force, to the skull equivalent in both?

Mr Waters: I guess all three, but let's say off an average bicycle and the same fall they strike their head on the asphalt.

Dr Lane: Because of the relative proportions of body weight and size to head, the adult is much less likely to strike with his or her head first, whereas the child is most likely to strike with the head first because it is heavier and bigger and as they go over the head strikes first. That takes a lot of the impact, whereas with the adult it is usually the leg or the hip or the shoulder that strikes first, so there is less impact taken.

On the other hand, we must not forget that the adult is more likely to be involved in a collision with another moving vehicle, and in that case head injuries are certainly sustained. That is a different situation. In the situation where the two are falling from the same height, the adult is much more likely to hit something else before the head and the child will suffer more of a head injury.

Mr Waters: I am trying to get an idea of the history. When you are spending up to \$3,500 on the new bicycles that are out, obviously they must do something more than just go down the road at the same old speed as the old ones. I am assuming there is an increase in speed.

Dr Lane: Yes.

Mr Waters: Are we finding there are more head injuries because of that increase than what there were 10 years ago with the same numbers in population? When you spend that kind of money, you have to be doing something; it has to be speed.

Dr Lane: I do not know of any evidence to suggest there has been a dramatic increase in head injuries in the adult population from cycling. I think there is an unacceptably high rate right now that is preventable even at the speeds these bikes go. I think when somebody is spending that much money on a bike they are pretty serious about their cycling and they are going to be pretty serious about where they cycle. They are not going to want to be bothered with the traffic. They are going to go on a road that is safe and where they can stay away from traffic.

In many ways they are less likely to get involved in a crash, whereas the person who is using an inexpensive bike as the primary mode of transportation, if you are talking about the adult population, is more likely to be on the same roadway that is not designed for bikes and more likely to get into trouble. I would think there are probably

very few major injuries among serious cyclists. There are a few high-profile ones we probably all know about, but I do not think there is any increase in them because of the increased expense and speed of the bikes.

Mr Waters: The other thing I would like to get back to is the child who is captive behind the parent because, once again, you are looking at a child who is exceptionally high up for that age because he is on an adult bike, not a child's bike, he is strapped in and he would not have the ability, even if he had the strength, to protect his head. Do you have any idea how many of those children are injured because of this?

Dr Lane: When we looked at our numbers while preparing this, there were only two children below bicycle riding age. One was about a year and one was about 18 months. They would have been in these sort of seats. If you do a run on provincial data that exist you probably will find a low incidence. I suspect it is because the mother or whoever is driving is pretty concerned about the little one on the back and any sort of minor fall they have they will hold the bike to prevent. Where you get into trouble is when they are in collision with a motor vehicle. Then they have no way of protecting themselves, but the bike rider probably does not either.

Ms S. Murdock: I have one question. In your experience in the emergency room, I presume you have met up with a lot of police officers who reported the accident or who had to take down the information. What kinds of comments do they make in terms of their thoughts? I know this

is hearsay but I do not have a police officer in front of me to ask what he or she thinks about mandatory legislation.

Dr Lane: I have not quizzed any of them on mandatory legislation. I would be surprised if there are a lot of them opposed to it. I know in London we have, as Toronto does, a bicycle component of our police force. Those officers enthusiastically embrace helmets and they certainly do what they can to educate other bike riders on the utility of helmets. I do not think there would be any great opposition to it; they probably are pretty much in favour of it.

The Chair: Thank you, Dr Lane. On your own initiative you prepared this material and contacted the clerk so as to be permitted to appear before the committee. Once again, as with others this afternoon who have done similarly, we are extremely grateful for your interest, your comments and your input. We appreciate your coming. We trust you will be following the progress of this committee. Obviously Mrs Cunningham, who initiated the bill, or Mr Dadamo, who is the parliamentary assistant to the Minister of Transportation, would be pleased to hear from you if you have further comments or questions. Have a safe trip back to London.

Dr Lane: Thanks for hearing me.

The Chair: We will now recess until Wednesday, November 27, at 3:30 pm. We will have a subcommittee meeting right now to which Mr Edgar and Mr Dadamo are invited because they may well find the subject matter of interest.

The committee adjourned at 1800.

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First Session, 35th Parliament

Official Report of Debates (Hansard)

Wednesday 27 November 1991

Standing committee on resources development

Highway Traffic
Amendment Act, 1991

Assemblée législative de l'Ontario

Première session, 35^e législature

Journal des débats (Hansard)

Le mercredi 27 novembre 1991

Comité permanent du développement des ressources

Loi de 1991 modifiant
le Code de la route



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday 27 November 1991

The committee met at 1606 in committee room 1.

HIGHWAY TRAFFIC AMENDMENT ACT, 1991 LOI DE 1991 MODIFIANT LE CODE DE LA ROUTE

Resuming consideration of Bill 124, An Act to amend the Highway Traffic Act / Projet de loi 124, Loi portant modification du Code de la route.

ELAINE PEVCEVICIUS

The Chair: I want to apologize to you for making you wait, but we cannot start until all caucuses are represented. They are now. Thank you for coming here. We have in point form and well stated some of the issues you want to raise, if you would please comment on those, giving yourself perhaps five or 10 minutes to speak to us and then an equal amount of time for us to talk to you and ask questions, please.

Mrs Pevcevicus: I did not realize I was first, and I have never been to the Legislature before. Thank you for allowing me to be here.

The subject of bicycle helmets becoming a law is close to home to me. I brought a picture of my son, Adam. He is blowing out the candles of his birthday cake. He turned seven in September. Three weeks before this, he was involved in a bicycle accident where he had a serious head injury. Luckily I am one of the mothers who can say that my son has survived and is likely to lead a normal life, but it is through the grace of God, and I believe through the fact that I lived in a centre such as London where the Thames Valley Children's Treatment Centre has very trained physicians and the emergency care there is so excellent, that my son suffered as little damage as he did.

I did not see his accident happen myself, but his friend said that he was unconscious for a few minutes before they came and got me. Upon taking him to the hospital, after a point he lost the use of his left side. He seized. There were a few hours where we were not sure if he was going to live. It was 24 hours before we knew exactly that in all likelihood he was going to recover from this accident.

I am sure you are going to get many statistics in front of you. I know I have read them. I have got information from Dianne Cunningham's office on some of the statistics, and my son is now going to be one of the 5,000 seriously injured each year. I felt that as a mother it is my duty to show you that these are real children, that it is not just a number, and that this could have been averted by his wearing a helmet.

This just happened three months ago, so we still do not know exactly what the damage is. The doctors are concerned about some of his recall. In technical terms, the brain is not quite functioning yet. He is still going to be going through many tests. The amount of money that was spent on his being in the hospital for several tests and the

rehabilitation that is going on now—the expense is in no way going to compare with the cost of a \$30 bicycle helmet.

Psychologically too it is hard for a child who has been through an accident like this. Even a month ago, I wanted to take him to his cousin's for the weekend, and all of a sudden he just got distraught and said: "What's the use? I'm going to be dying anyway." Children who are in a traumatic accident like that do not understand what is going on around them. Even if it is explained to them, they always think their parents are keeping something from them. It has just been very hard on him.

Even though in all likelihood he is going to recover, he has to spend the next year doing nothing that could hurt him again. The doctors have stated that a re-injury sometimes is worse than the first injury, so as a result of that, even though he feels fine now, he cannot go on the climbers and he cannot participate in gym or anything like the other kids are doing. Although we are thankful that he is alive and he can at least do those kinds of things, it is very hard for a child. A year is a long time for a child; 15 minutes is a long time for a child. He just does not understand why he cannot do things like the other children.

Besides the effect it has had on Adam, it has also had a serious effect on all those who love him. It has been very difficult. For me to actually talk about what happened at the time of his accident is very painful.

I have heard that in the helmet law they are talking about perhaps only making it mandatory for children to wear helmets and not adults. I just do not feel that would work. Children look up to adults for support, and I feel that if adults are not made to wear helmets, it would be a mixed message to the children.

After the accident happened, I really took a look around at people who were riding bicycles. I am from London, Ontario, and almost every adult I see in London riding a bike wears a helmet. I would say 90% of the adults I see in London are wearing a helmet and probably 2% of children. I do not know if the adults are wearing it because they are so aware of the safety value or whether it is trendy for adults to wear it now, but I would like it to be trendy for children to wear it as well.

I read in one article, I am not sure if it was California or where it was, but they had a really good public campaign to promote the wearing of helmets when you were riding a motorcycle and there was only 20% to 22% compliance through that campaign. I feel that the same thing would happen again with bicycle helmets, that no matter how aware parents are made of how well a bicycle helmet would protect their children and themselves, unless there is a law they will not wear it.

As a parent, I know my sons of course have helmets now, but I cannot guarantee they are going to wear them two years from now. I cannot guarantee when they are

around the corner they are not going to take them off. I have had numerous nurses, even in intensive care, tell me they cannot make their child wear a helmet. They see numerous accidents like this, and if they cannot get their children to wear helmets, I really do not know who can. I think a law is very important.

I feel that now is the time to enact this law. There is a lot of public support for the bill now. Yesterday when I was at the doctor's—my son Adam had a checkup—they were mentioning that someone from the public school board had contacted them. They were looking at starting a campaign throughout the schools in London. My children go to separate schools. I know I would be willing to do something like that as well. It would save a lot of time, anguish and taxpayers' dollars for you to have to meet like this again and again before it comes. I really feel that now is the time to do it. I am sorry; I was very nervous, but those are my feelings.

The Chair: You need not have told us you were nervous, because none of us could tell. Thank you very much. It has been remarkable how just after a couple of days people have been coming on their own initiative, such as you from London, to speak obviously very sincerely and with great interest about Mrs Cunningham's bill. We have some time now for questions and dialogue. Mr Dadamo first and then Mr Waters and perhaps others.

Mr Dadamo: Thank you very much. I was on that side this morning looking at my peers doing something. I know how unnerving it can get, so I congratulate you for doing this.

I guess we have determined in the last few days in discussions we have had with people who have come, such as yourself, that children have a tendency to think it is not cool to wear these helmets. I understand the sentiments you share with us that we have to start from the parents and work our way down, so to speak, because I think we have to sell this to the parents first, that wearing a helmet will protect you to a certain extent, but how are we going to sell the idea to the children? As you said, if they go around the corner, they may take the helmet off. How are we going to sell them on the idea that you should wear it all the time if you are going to be on a bicycle?

Mrs Pevecevicius: I know how I can sell it, and I know how it can be sold to my friends and my friends' children and things like that—through a law. I think if they are made to wear it, I think if they saw some of the statistics I saw after getting the information from Mrs Cunningham's office, they would be amazed. I really felt kind of angry that I never saw these statistics before. I hate to say that I definitely would have had my children wearing helmets if I had seen this, because, as I say, even the best campaigns, for one reason or another—I have friends who say, "Oh, I keep forgetting to go to the store," or something like that. That is why I really feel that if there was the law there, you would not get negative reaction from anyone.

Mr Dadamo: If this had not happened to Adam, do you think you would have reacted in the same way? I guess what I am trying to say is that apathy prevails in many different areas, and unless it hits home, then you

really do not think about it or you say, "It'll never happen to me."

Mrs Pevecevicius: No.

Mr Dadamo: This opened your eyes?

Mrs Pevecevicius: This opened my eyes to it, yes, but I think it is the Ontario Head Injury Association prevention thing that says, "If I could have foreseen what was going to happen, I could have prevented it." I am no different from anyone else, you know. Bad things happen to other families and other people.

I do not know. If I had been more aware—I know when my second child came along we did not get a walker any more because we found out walkers were unsafe for young children. I have followed all those rules, but I think once your children get a little older—mine are seven and nine now—as a new parent you are concerned that you are doing things right for your child and things that are safe for your child, and then after a while you realize a lot of this is common sense. I am not consulting Penelope Leach every moment. But this is exactly the age when parents are starting to get more lax and more comfortable with being a parent where this child is actually going out on a bicycle, which is a first vehicle. You are giving them more freedom, and maybe at that stage of a child's life there need to be more rules. I feel this bicycle helmet law is a protection for the parents, possibly a parent like me, who might say—fleetingly my husband and I said: "We never wore a helmet as a child. What's this big deal?"

Mr Dadamo: Why has it changed?

1620

Mrs Pevecevicius: Why has it changed?

Mr Dadamo: Because we did not when we were kids. All we were forced to do was have a licence on the bicycle and, as I think Mrs Cunningham said this morning, a reflector on the back and a light on the front.

Mrs Pevecevicius: I think it has changed. London, in the five years I have been there, has grown by 50,000 people. Look at the size of Toronto, the way it has grown. There is more traffic. I think there is less consideration. There are going to be a lot of people in a hurry now. They are not slowing down for kids on bikes. People are angry. They are not letting a child have a right of way and saying, "Isn't he cute?" Things like that. The speed of life right now does not allow for a lot of the social graces. When I was a child riding a bike, adults looked out.

Mr Dadamo: Elaine, I want to ask you one other question about Adam's accident. I do not know if you mentioned at the beginning whether he was wearing a helmet. Could you tell us what kind of accident he had so we can better understand that the helmet would have helped?

Mrs Pevecevicius: We live halfway down a hill, not a really steep hill, but a hill, and he was on his bike and his chain came off. He lost control. It is a dead end at the bottom of our street and it is a roundabout with a curb, and he hit his head on the curb.

Mr Dadamo: Did he fly over the handlebars? You were not there?

Mrs Pevcevicius: Yes. His two friends that were with him were seven. We did not know if the chain came off afterwards or beforehand, but Adam remembered later on that it had come off beforehand, so he hit the curb and was thrown. I do not actually know for sure if he hit his head on the curb or the cement abutment; there is a little grass patch and a second abutment.

The Chair: These have been excellent questions from the parliamentary assistant for the Minister of Transportation, but it is time now to go to Mr Waters.

Mr Dadamo: I am willing to share the time.

Mr Waters: I am going to make something of an assumption. You look like a very average person. What I want to ask about is the cost of the helmet. I have heard from different people that, at \$30, half the children will not be able to ride a bicycle. I would like your opinion on whether you feel the cost of the helmet of \$30 would be prohibitive.

Mrs Pevcevicius: You really cannot buy a bicycle for less than \$100 now. It is not an expense that someone who does not have money—I agree; \$30 is an added expense. But you have the expense of having a roof on your car. For what reasons? I really think that if your child wants to ride a bike, he has got to have a helmet on. There are no ifs, ands or buts about it.

When my son had his accident, my husband took my other son out and I said, "I don't care what it costs, just get him a helmet; make sure it's one he likes so he is going to wear it." So he went out and bought a \$65 helmet. After the fact, Adam and I ordered \$30 helmets through a flyer that we got at the hospital. So my reins were pulled in. I said, "Oh, \$60 again."

But I do not know. You are not going to have people throwing up their arms if this law comes in saying, "My God, I have to pay \$30 for the helmet." If it is introduced in a way that says "This is why we are introducing this law," and people can actually get the statistics—because people may be like me; they may not have seen a statistic like this. It seems foolish to put me and so many other people out into the field to tell people more about how important it is that their children wear helmets, because that feeling is already there. Any parent I have ever talked to—I am heavily involved in the PTA at my school. We have discussed helmets there. We have some real rabble-rousers in our PTA, the ones that complain about everything, and the compliance is there. No one has said, "I'm not spending \$30 for my kid's helmet."

Mr Waters: The other thing we have heard about is the enforcement aspect. People have come and said, "How do you enforce it with children?"

I would put out a scenario. How would you feel if a child under age 12 did not have his helmet on so an officer pulled him over and said: "Here is a slip. You have to return this within such and such a period of time with your parent's signature on it." Do you think that system would do anything? Would it be adequate?

Mrs Pevcevicius: I do not know enough about policing. This is something that is close to my heart so of course I feel they should take their bikes away on the spot.

That is the way I feel about it. Maybe all police cruisers would have to have bigger trunks.

Mr Waters: Just keep a bicycle locked there. They can pick it up later.

Mrs Pevcevicius: I do not know. I know it is an expense to police, something like this. I am sure it is parallel to seatbelts coming into effect. It is something that is for common safety. I guess you would have to hold the parent liable for the money or whatever. If there was going to be money involved, a ticket or a fine—

Mr Waters: That is what I was getting at. If the law should come into effect, rather than have a fine for children, basically a means of having to have the parent's signature on something and then return it to the police department. That way the parents are aware the child was caught without the helmet.

Mrs Pevcevicius: No. That maybe could work as a public gesture to start the program off, but a lot of parents would not care if their son got a slip or whatever. They do not care. I know from things that go on in the school that we hear at the PTA, if their child has been bad, the principal can give the parents a list of everything their son has done, but they do not care. You are going to get people like that. But those kids deserve to live, even if the parents do not care if they wear a helmet.

Mr Lessard: I know we are running out of time and I will try to be very brief. My friend may have said that you look like an average person. I know he did not mean any offence by that. However, I think you are a very special person because you have taken the time and the effort to come here and testify when a great many other people probably would not take that time.

You also mentioned getting involved in a school campaign and attempting to sell this idea. I think that is important and I encourage you to continue with that. You mentioned as well the experience with respect to helmet compliance for motorcycles in California, and I think some of the objections we would get from people during these hearings would be similar to California. You do not have to be a rocket scientist to know if you are riding a motorcycle without a helmet and you get into trouble, you could cause some real damage to yourself. Some of the resistance we might get from people is, notwithstanding the fact that I know I could do that to myself, I should be given the opportunity to make that choice. Some of the resistance we get is from adults. It is not from children who may not know, but it is from parents who say, "I should be able to make that choice."

What would you say to those people?

1630

Mrs Pevcevicius: I would say to those people that laws are made for public safety. I would hate to hit a child with my car and be responsible for a serious head injury to him when he could have had a bicycle helmet on that could have prevented it.

Laws are passed all the time. It was not that long ago that people did not have to wear hardhats on a construction site. You cannot even be a guest on a construction site without wearing a hardhat. On many different jobs you

have safety boots and these kinds of things. Whether it takes unions to band together to get these laws enacted for public safety, I do not know. To me it is the same kind of thing.

As human beings, we grow and we learn. We learn how to protect ourselves. I think it is a way of protecting ourselves. If I had to wear something that weighed 15 pounds and obstructed my vision or things like that, I would say yes, you could get a lot of resistance, but I know the bicycle helmets we have are not much different than wearing gloves in the winter.

I would like to think, as human beings, each decade we make things better, and different laws are passed for different reasons. It is going to become law whether it is now or three years from now, so I hope we are smart enough to speed it up, as far as I am concerned.

Mr Lessard: I appreciate your confidence in that fact.

Mrs Cunningham: Elaine, thank you very much for coming. I have a special reason for saying that. I admire you so much because this accident happened just three months ago. It must be very difficult some days even to talk about, so for you to be responsible and feel so strongly that you can help us as we try to formulate regulations to go with the amendment to the Highway Traffic Act, we really appreciate it. I think you have made a really strong case in support.

I have to tell you it is not going to be easy to get this through. A couple of things have happened in the last couple of days. The reason most people will not support it, in my view, is the same reason probably that you did not buy a helmet for your son, and that is you just did not know the importance of wearing a bicycle helmet. In spite of campaigns from as early as 1975—so it is not new in Ontario—we now know, the statistics are there as you said, and I am happy that we were helpful in support of this piece of legislation.

As my colleague said, I am glad you are so confident. You are representing the public here today. For everybody here, Elaine is from London but we have not met before and I did not know whether she was coming to support or not support it. I was curious. Under the circumstances, I want to thank you.

With regard to the cost of the helmets—and I do not know what the committee is going to suggest, but we are trying to work in a very non-partisan way here and as individuals. My hope was to give the public some warning of the date this bill would become law. For instance, if we gave a year and a half of lead time perhaps the government, with support from the private sector, could have some kind of very extensive public education campaign throughout the schools so that children, hopefully, would have helmets on before we even had the law. That would be my great dream.

I know there are home and school associations that are already working very hard to get their children to wear helmets. Andrea Strathdee from my office made a couple of calls today to people who had already advised us of this just to see if we could offer some support to members and some good information.

One of the home and school associations in Hamilton, the Dalewood Home and School Association, got together with two other home and school associations—it was Dalewood middle school, Earl Kitchener Junior School, junior kindergarten to grade 5, and George R. Allen—and they ran their own campaign. They believed the only way they could get the children to wear helmets was through peer pressure.

They delivered one flyer to the parents and set up a display in the school during the school's open house, which included a lot of information. I was pleased to hear that you got the little brochure and followed through by getting an inexpensive helmet—I do not mean "inexpensive," but a \$30 helmet—because of the campaigns, whereas your husband went into the store, as mine did the first time we had to buy one, and he did pay \$65. Since then we have been able to buy less expensive helmets.

They arranged some kind of agreement through Sears, which was very co-operative, and sold the helmets in those schools for \$25, so it was not only public education; it was public participation. They were quite successful. It was not a fund-raiser; it was a public safety measure.

The other one I wanted to tell you about was that the money left over from the Dalewood was donated to the Council on Road Trauma, and that is headed by Dr Peter Knight. I should say also that one of the ladies who did this works in a doctor's office but used to work in the hospital emergency department, so she is very familiar with bicycle injuries.

By reading this into the record, what I am saying is that I think it is the responsibility of those of us who understand the statistics and know the dangers to get out there and do something about it. In spite of public education, enough people do not know about it. Yesterday we had a wonderful presentation by Dr Lane from Victoria Hospital, who I think made a very articulate plea for immediate legislation.

I know I am not asking any questions, Mr Chairman, but I wanted everybody to hear that. In getting this bill through, it is going to be up to us to educate our own colleagues in this House because everybody gets a vote, and more important, I think, to educate the bureaucrats who like to say no before they get the public information. Let's hope we can make some tremendous gains by people like yourself.

I just have one question with regard to your school. Is your boy with the other children in the same classroom?

Mrs Pevcevicius: Yes. It is hard to say if there is any damage at this point. He is functioning fine. He is doing well in math; he is not doing so well in reading. Some of the things he is having trouble in, it is hard to determine whether he would have been like that before the accident or not.

Mrs Cunningham: It is hard to know.

Mrs Pevcevicius: Technically, from the brain scan that was done six weeks after the accident, part of the blood flow in the brain was not flowing properly. The doctors said that after an accident—he has another brain scan in December—sometimes it will return back to normal;

sometimes it does not—the blood flow does not return back to normal. But there does not seem to be any apparent damage. I guess there is a lot about the brain they do not know.

Adam is short on a few visual-motor things, but they are minor. He is seven, and a couple of the tests show that he is at the level of a five-and-a-half-year-old. It is hard to say. He could very well still be capable of going to university or whatever. He may have a delinquency. Some people have colour blindness, but it does not affect them in a lot of different things. What damage there is should be minor. He is functioning in a normal school at a fairly normal level.

Mrs Cunningham: As you are a parent of a head-injured young man, I can just say it is great to have support from and for other families. I want you to know that if you need it, we are available. The other part is that it sounds like everything is pretty good.

Mrs Pevcevicius: Yes.

Mrs Cunningham: I guess all of us here just hope he keeps improving and gets back to normal and does very well.

Mrs Pevcevicius: Thank you.

The Chair: Mrs Pevcevicius, I want to thank you very much on behalf of everybody here for an intelligent, thoughtful and very articulate presentation. Thank you for coming in from London. Have a good and safe trip back home, and good luck to you and Adam and the rest of your family.

Mrs Pevcevicius: Thank you very much.

The Chair: I want to recognize that we have Dave Edgar here, who is assistant to the Minister of Transportation, Mr Pouliot. We have Mike Weir here, who is a staff person involved with safety policy with the Ministry of Transportation. There are other people here. I do not want to miss anybody. Perhaps some of them are from the Ministry of Health, because I know the Ministry of Health might have an interest. No; there is nobody here from the Ministry of Health. That is interesting. Perhaps the Solicitor General? No; there is nobody here from the Solicitor General. Perhaps then the Attorney General? Nobody here from the Attorney General. Perhaps Consumer and Commercial Relations? No staff people from Consumer and Commercial Relations. I know the Ministry of Tourism and Recreation has its parliamentary assistant as part of the committee.

I am sorry, people. I merely assumed that those other ministries would be sufficiently interested to have some of their staff people present. Perhaps in the course of time we will draw them out of the woodwork.

1640

WILLIAM COFFMAN

The Chair: We have personnel from the Bicycle Helmet Standards Committee. If you would please come forward, sir, and tell us who you are—it is Mr William Coffman—and what your title is and spend some time telling us what you would like us to know and then leave

us some time to ask you questions and engage in some dialogue.

Mr Coffman: My name is Bill Coffman. I am fighting off a cold, so I hope you will bear with me. I am the chairman of the Canadian Standards Association committee on bicycle helmets. Our committee is the one that put together the Canadian national standard for cycling helmets that you may or may not have seen. As such, I am not an employee of the CSA; I am a volunteer acting as a chairman of this committee; perhaps a bit of my credentials and then a little explanation about the helmet standard, and then I will be open to your questions.

I have been the manager of engineering at both CCM and Raleigh. At CCM, I was involved with the hockey helmet standards as well. I am a graduate industrial designer; I am not an engineer. I have been working as a design consultant for the last 10 years. I am also an instructor in industrial design at Humber College. I had been on the Toronto City Cycling Committee for six or seven years. I have been the past chairman of the advocacy and safety committee of the Canadian Cycling Association. I am a facilities consultant to a certain extent, and quite often an expert witness in traffic cases. I am on the Hospital for Sick Children's bike helmet coalition as well.

I may have to resort to that Niagara Peninsula orange juice you have over there to keep going.

The Chair: Yes, that Niagara Peninsula orange juice recurs week after week after week, notwithstanding that this committee has called upon the whip's office so many times to please ensure that Ontario-grown fruit and Ontario-packaged fruit juices are provided for the people here. My apologies. It has been a long time since orange trees have been in the peninsula, notwithstanding that it is among the southernmost parts of the province.

Mr Coffman: The standard itself was set up by a group of mostly volunteers. We had representatives of the consumer groups involved with cycling, members of university labs and private testing labs. We had representatives from the manufacturers, representatives from retailers, administrators in cycling and representatives from the ministries, both federal and provincial. We had a number of doctors and medical advisers, and of course we had members from the Canadian Standards Association helping to set up the standards.

The standard itself was based on our experience. In Canada we are uniquely qualified in having the original hockey standard and we used that as the basis of some of our information. We worked with the doctors' recommendations and the recommendations of people who had been involved with head injury. We tested and evaluated and we compared with other standards. At the time, there were three or four other standards: the American standards, the British standards and the original standard from Australia. We compared these standards and did tests as well.

The Canadian standard, after quite a bit of work—I think there was about a year's work on it—we evolved as a typical drop-test standard, where the helmet is mounted on a headform. It is an International Standards Organization headform. The headform is instrumented with an

accelerometer inside the headform. The headform is dropped with the helmet on it and it is adjusted at different angles. I wish I could have brought the device here for you, but unfortunately it is a huge thing.

We drop it at six test sites on to a flat anvil and on to a circular anvil and then we read the acceleration from the accelerometer which is electronically displayed. From two tests we read off the acceleration in Gs and everything is carried out in metric form. We also have an advisory standard written into the test where we also check for acceleration over a period of time because some of the doctors felt this was an important part of the injury to the brain.

Mechanically, what we are trying to do with the helmet is to provide a shock-absorbing cushion for the head and for the brain inside the head. The material of the helmet itself absorbs the impact in the fall, and the foam construction of the shell collapses. That collapse absorbs the impact so that the movement of the brain is less because that impact has been absorbed in the material. So the material crushes; the head does not move and there is less impact inside the head. This is what we are trying to do with the helmet shell, to put it in a few words. It is a little more complicated than that because there are other things going on.

Basically, most bicycle accidents are caused by falls. A bicycle starts moving and it falls over. The majority of accidents are caused in this way, so you are dropped. Your fall height is known in most cases. It is a little over a metre and a half, and that is what we went with.

We also determined the actual force of falls through accident statistics and studies. The doctors and technicians knew what these numbers were. From all this information, the standard was established. We have been testing now for almost two years, I think it is, at the CSA labs and a number of helmets have passed the standard.

The standard was sponsored originally by federal Consumer and Corporate Affairs. CSA is an independent organization. It is a non-profit organization. It is supported by industry and the government. We are not a government body, so Consumer and Corporate Affairs did pay for the development of the standard.

The CSA standard was intended to be implemented in the same manner as the hockey standards, where all helmets sold in Canada were to meet the CSA standard. I do not want to bring politics into the picture, but this unfortunately went by the board under the free trade agreement. My understanding is that the Canadian standard was a little bit more severe than the American standards that were currently in force, and therefore it was deemed to be restrictive to trade. Consumer and Corporate Affairs had to withdraw its plans to make it mandatory.

The standard covers age groups from five up. We would like to develop a standard for children under five. It is a completely different thing. The forces involved are different and the head shape is completely different; just height of fall is different, and the trauma in the child's head is different than in the adult head. We feel and have always felt that this should be a separate standard.

1650

We are and have been looking for the funding of this. The Americans would be happy to support it. In this case, we have their assurance that this would be unique and they would be willing to support this standard for helmets for children under five.

Of the other two American standards in force now, one is the ANSI, the American National Standards Institute, a standard which is the base standard in the US. It has not changed for about six years, I think. It is a passive standard inasmuch as it is set up by the ANSI and the manufacturer assures the customer with the stamp that the helmet meets that standard. My private concern is that I have seen helmets with the ANSI sticker in them that did not meet the ANSI standard, because no retesting or anything else goes on with ANSI.

The Snell standard, however, is an active standard. The Snell Foundation is a private helmet-testing institute set up in the US. It was funded by the estate of a racing car driver who was killed in a head injury accident. It is a more active standard inasmuch as the helmets are tested to the standards by the independent testing lab and they are retested over intervals.

The CSA is equipped to test for both the Canadian standard, the ANSI standard and the Snell standard and we have done so on several brands of helmets.

Personally, I wanted to express my support in principle for this proposed legislation, and I certainly welcome its introduction as a chance to highlight the concept of bicycle helmets, what helmets are all about and especially the use of cycling helmets. I think the more people we get to wear them, the safer place it will be. I will try to answer as many of your questions as possible.

The Chair: Thank you, sir. The researcher has asked me to ask you a couple of questions in this general area: first, manufacturing of these helmets in terms of the status quo, in other words, where would these helmets be manufactured now; second, is there a potential, if it is not in Ontario, for Ontario manufacturing sites to be geared up, and third, what would this mean in terms of, let's say, employment for Ontarians were there to be universal helmet wear, and again, the ongoing manufacture, because these helmets get damaged and have to be replaced and there is new population growing into bike-riding age. What are we talking about from that point of view? How quickly could the industry respond; could it be an Ontario industry, and what would it mean in terms of employment?

Mr Coffman: In the industry right now, there are two main manufacturers in Canada, both of which are in Quebec—and highly subsidized by the Quebec government, by the way—one in the Montreal suburbs, the other one in Cowansville. The one in Cowansville is an American-based manufacturer. The technology and anything are portable, so it could be moved anywhere. There is no reason why an American or European manufacturer could not set up in Ontario very quickly and manufacture in large numbers. The technology and the manufacturing base are certainly here in Ontario to support bicycle helmet

manufacture. I would not see any problem with that aspect of it.

In numbers, yes, the potential is there to produce any number of helmets you want over a period of time.

Costs come in here, and I will get into that, because I know the question will come up. In my estimate, a helmet costs anywhere from \$15 to \$30 to manufacture. That is the manufacturer's cost. You could purchase any number of helmets from a manufacturer in bulk quantities for about \$17 a piece if you wanted to buy them today. So there is a fair markup in the stores. In retail, yesterday I saw some helmets in Ikea for \$20, so the \$20 helmet is still out there, and these were CSA-certified.

The Chair: Following through on that same area, in view of the fact that if this legislation were to exist in Ontario, Ontario would be in something of a leadership role, there only being a few jurisdictions in the United States that have similar legislation, in your view, in the nature of the production of this type of product, would Ontario manufacturers of this type of helmet have the capacity to export into the United States? As I say, could we produce this in a competitive way such that it could become an export, rather than merely a domestic-use item?

Mr Coffman: Yes, I think there is a potential for an Ontario industry that would be exportable, certainly to meet our own market first and then to export second. If they could meet the international competition, it is a wide-open market. On the market today we have helmets from Canada, the US, Italy. There are helmets coming into the market from Scandinavia, I believe, and I have seen French ones that are available. They are too expensive, but they are available.

The Chair: Thank you, and the researcher thanks you. Mr Dadamo, please.

Mr Dadamo: I guess we were waiting for you. I was in particular wanting to better understand how a helmet comes to be or how strong it is, where the design first came from, if you could sort of paint a short picture for us, if it is possible.

Mr Coffman: The helmet, and I may be repeating a little bit here, is a protective device, and like any other protective device, it is designed for the job it is intended to do. As compared to a hockey helmet, which you might be more familiar with, the hockey helmet was designed to absorb impacts from exterior objects, pucks and sticks especially. It was designed to accept falls on the back, in other words, hitting the ice falling over from the back. That is why you see the ribs, particularly down the back of the helmets. It was designed to prevent impact in the temple area. That is why the hockey helmet comes down a little. That was why it was designed to do the job and why it takes the shape it does.

The bicycle helmet, on the other hand, was designed almost strictly for falls from the height of approximately one and a half metres and the weight of the human body, and the majority of the protective area is on top of the helmet. In the Canadian standard we did move the protective area down a bit and over from the American standards to protect a little bit more over the temples, because falling

to the side and hitting curbs and other objects, we wanted a little bit more protection in that area.

It is a question of coverage. Once the standard is established, you design the helmet to meet the standard. You use shock-absorbing material to the best advantage. In the case of the bicycle helmet, you try to get as much ventilation as possible without opening it up too much to decrease the protection and keep it as light as possible, which is why you see the ones with very thin shells or no shell at all.

Mr Dadamo: Why would they not be closed, as opposed to leaving the vents in this helmet? Is it completely enclosed, or are there vents?

Mr Coffman: There are vents. The vents are because with the bicycle helmet, unlike a motorcycle helmet or a racing car helmet, the wearer is exerting himself or herself and is putting energy out, and your energy is radiated through the top of your head in a lot of circumstances. It is more radiant energy than it is energy coming in.

1700

Mr Dadamo: You said you have been called as an expert witness from time to time in these kinds of bike accidents?

Mr Coffman: Yes. I have never been called in the case of a head injury accident, fortunately.

Mr Dadamo: How much would you think is right to spend on these kinds of helmets? How much money would you spend to protect a child?

Mr Coffman: I do not think the cost really enters the picture. I look at the helmet as being a part of the bicycle combination. It is as much a part of the equipment of a bicycle as a seatbelt is part of the equipment of your car. The seatbelt is an internal, attached thing, the helmet is not, but it becomes part of your everyday usage as much as, for example, safety shoes or a safety helmet. A motorcycle rider today would not go on the road without putting on his helmet.

Mr Dadamo: Yes, but I do not think we are at a point that people assimilate the bike with the helmet yet. That awareness factor is still not there.

Mr Coffman: Unfortunately it is not there yet, but I would think that is the approach we have to take, that it is a part of the equipment for the bicycle.

Mr Dadamo: But that may take time. The awareness factor may take time.

Mr Coffman: I think it is there and people are resisting it.

Mr Dadamo: For how long?

Mrs Cunningham: Until we pass this bill.

Mr Coffman: It may be a case of needing a stick.

Mr Waters: One of the things I would like to say is that I have never seen one word cause such a stir in the province. I have received calls from as far away as Red Lake on this, supporting the bill. Just before we went into hearings today I had my local ambulance operator phone and ask what she could do to help in my community, because the people who drive the ambulances do not like picking up children, in particular, from these falls.

One of the questions I would have about helmets is that I keep hearing most of the helmets can only suffer one blow, basically. Kids being kids, or even adults being adults, have a tendency to take—you know, they are done with the helmet, or they beat it without it being on their head, abuse the helmet without wearing it, when it is off the head. Can that damage the helmet beyond use? I am a bit concerned about how stable these helmets are, what they will take and how you tell when the helmet needs to be replaced.

Mr Coffman: If it has been impacted, certainly it should be replaced, especially if it is a styrofoam shell. I saw the video of Curt Harnett, the Canadian racer from Thunder Bay, who had actually crashed and impacted his head on the road. The helmet exploded, literally blew up, into pieces, thank goodness. There was no damage at all. He did not hurt himself. He got up and walked away from it. There was no damage. I have seen other helmets that have split and cracked and things like this, and some that are just dented.

There is no real way of controlling that. There used to be a program where the helmet was actually returned to the manufacturer if it had been impacted and the manufacturer would return it, but I do not think that is in place anymore.

Mr Waters: I am not concerned when somebody is wearing the helmet and has a fall. What I am talking about is a kid taking it by the strap and going bang, you know, just abuse of the helmet, throwing it in the corner and then throwing a hockey bag on it or something like that. Can that damage the helmet?

Mr Coffman: Yes, it can, no question about it.

Mr Waters: You know when you fall you have impacted the helmet and it has taken a blow; therefore, the helmet has to be replaced. But as a parent, when a child has gone out and played soccer with his helmet, how do you know when you have to replace it?

Mr Coffman: The majority of them, if you give them that type of treatment, are going to split, like a styrofoam cup will split if you impact it. This is the type of thing you are looking for. If it has been crushed, it is a little bit harder to see, but usually if it has been jumped on, stepped on or something like that, then it will split. If it is split, then it is no good.

Mr Waters: Do they make a helmet that will withstand more than one impact? Let's say a \$30 helmet takes one impact, but if you want to spend \$60, could you get a helmet that would withstand several impacts and therefore in the long run maybe work out cheaper?

Mr Coffman: There are developments going on that I have seen with polypropylene foam and other types of foam that are being promoted as being recoverable. As far as I know, the CSA has not tested one yet so I cannot say for certain it meets the standards requirements. Certainly there are materials coming up now from the transportation sector, aerospace, that would be able to absorb the type of impact we are looking at, but you are talking about fairly high-cost devices.

Mr Waters: I am a bit concerned about the CSA. I came out of the electrical industry and we were downgraded too, the electrical products.

Mr Coffman: It is a bit frightening when you know you will be.

Mr Waters: Yes. I was aware, but I was not aware it was happening to helmets. I am going to go a bit beyond the bicycle helmets out of curiosity. Because I am a snow-mobiler and a motorcyclist, I am a bit concerned about the standards of all helmets. Are you saying those helmets that are going down to United States standards are not going to stay at our high standards?

Mr Coffman: The ministry did change the Highway Traffic Act for motorcycle helmets. It formerly required CSA-approved helmets; now it just requires approved helmets. The manufacturers are all switching to Department of Transportation-tested helmets, which is an American standard and of course cheaper.

Mrs Cunningham: Thank you very much for coming today. You are a most important witness before the committee, Mr Coffman. We appreciate your expertise. I think this last question is discouraging for all of us. In spite of that, you mentioned earlier you felt there could be enough helmets produced to meet the demands of this legislation over a period of time. I guess I would ask you two questions about that.

First, are you confident that the standards we are able to purchase now are good enough or sufficient enough or what you would want for your own children or your family members? Second, as we know we are looking at upwards of over a million cyclists in Ontario—maybe as many as two million—what kind of time line would we have to have in order to meet demand?

Mr Coffman: To answer your second question first, I think if the proposed legislation is passed you would find the American manufacturers moving into Ontario to manufacture fairly quickly through associated companies and things like that. I know several sporting goods companies are already looking at this option of bringing in existing tooling, for example, and others would be looking at it fairly quickly. The manufacture is not an expensive technology to set up and I think it could be done fairly quickly.

As for your first question, yes, I am concerned with the existing standards because I am not 100% confident about the ANSI standard. I am certainly not very confident about the level of testing that goes on to ensure it is a good standard, and yet that is one of the standards we are faced with.

Mrs Cunningham: I notice the transportation act for motorcycles actually names the standards they will go with.

Mr Coffman: I think they used to. I am not sure that is true any more, but I will have to see it.

Mrs Cunningham: I do not have the act with me today; I usually carry it around. We can check it out.

The Chair: Perhaps Mr Weir would come forward and help us.

Mr Weir: It is that regulation—I am not sure of the number of the regulation—that allows a motorcycle helmet that meets four standards, including the CSA standard. It does not prohibit a person purchasing a helmet that does not meet any one of those four standards.

Mr Waters: Can I just jump in on one thing here?

Mrs Cunningham: Absolutely.

1710

Mr Waters: Is CSA the bottom or the top of the four standards?

Mr Weir: I do not think the regulation ranks them according to how effective the standard is. It merely allows a purchaser to wear a helmet that meets one of the standards listed.

Mrs Cunningham: Would it be fair for me to make this statement: I suppose you could wait a very long time for the perfect bicycle or motorcycle helmet. There is always going to be someone who will have something to say, like with the hockey helmets. I was on a school board where we had to change something like 3,000 hockey helmets in one year because somebody came out with a recommendation that we ought to do that. Where do you start?

Mr Coffman: I think you start with the basis we have now, and as we gain experience with the testing of helmets we will look at updating it in six-year cycles. We are in the second or third year of that cycle. Perhaps that can be moved up as well. This is what happened with the hockey helmet standard. It was revised in that period of time. The international standards keep changing as well. The doctors and the medical people keep doing more and more research on head injury/head trauma as an ongoing area of change and they have recently tried to standardize on protection for head injury. There is research going on in that area now. As the results of that research come forward we will certainly want to keep up with it.

Mrs Cunningham: I guess my reason for asking you the blunt question is that I do not think it is an excuse. Someone with a helmet now that meets the standards is obviously protected, as others who do not wear one are not. I certainly do not want that as an excuse for waiting for the perfect helmet. I went through this with hockey helmets with my own kids in 1974. If we had waited, as there are new ones out, I think, in the last two years—has it not been two years?

Mr Coffman: I have been out of the helmet industry for a while.

Mrs Cunningham: It is nice to change, is it not?

It goes on for ever. That is the advantage of being one of the more—what is the word I should use—senior members of the place some days: experience, listening to the same old story and people never doing anything about it. I get pretty tired of it some days.

You have already answered the question with regard to retail price. I am thinking it would be fair to say that if people order it in bulk, and even if they do not, you are probably looking at \$20 helmets that would meet safe standards. That is the one I am taking back to my constituents and I feel confident about after speaking to a number

of groups. The other part is about the public education. Have you seen the Howard county, Maryland, implementation of legislation?

Mr Coffman: Yes, I have seen it. I have scanned it; I have not really read it.

Mrs Cunningham: I think it is interesting to note in there that for the very first offence they are issued a warning. These are for children younger than 16. There are two groups there. They are issued a warning. "A first offence violation of any of the provisions of this subtitle shall constitute a class E offence"—a class E offence is \$25 to \$50—"and upon a second offence violation of this subtitle within 12 months, shall constitute a class D offence." If you do it twice in once year you have a \$50 to \$100 fine.

It is the responsibility of the parents to know that these kids ought to have their helmets on. In our act right now, if you take a bicycle out on the streets at dusk, one half-hour before sunset, your fine is \$20. We are finding most people do not know that.

Mr Coffman: I think they were recommending that be changed.

Mrs Cunningham: People are recommending a change?

Mr Coffman: Yes. I think that came through the cycling committee a little while back.

Mrs Cunningham: What kind of change are they looking for?

Mr Coffman: It should be the same as the automobile.

Mrs Cunningham: What is that?

Mr Coffman: I think it was \$72.

Mr Weir: It was \$78, \$75.

Mrs Cunningham: Who would be making these recommendations for change?

Mr Coffman: The cycling community was all in favour of that one.

Mrs Cunningham: The cycling community thinks it is very important to have a light on your bicycle when your vision is not clear because of the time of day. I think we are going to hear from most cycling committees that if we are responsible in the implementation of this and reasonable in the fines, they will be supporting the legislation as well. That \$72 one is pretty serious stuff, is it not? I wonder how strongly they will feel about a helmet, as we are talking about safety again. We will ask them that question when they come here.

The Chair: Mr Coffman, did you want to wrap up or conclude in any way?

Mr Coffman: Thank you again for the opportunity. If you have any other questions that come up later on, I would welcome the questions. If there is any assistance I can give you in working on this legislation, I would be very happy to work on it.

The Chair: Thank you from all of us for coming here today and for your contribution. You have answered a whole lot of questions that have been raised over the last few weeks. We appreciate your time and your interest. We

know we can call on you in the weeks or months down the road if we have any further questions. We appreciate it. Take care, sir.

One matter, by way of information, is that we are meeting again on Monday and we are starting at 3:30. The Windsor Bicycling Committee is going to be here at 3:30. I mention that because I stress it is important, if at all possible, for people to be on time. These are people who travel a great distance, who make a significant contribution to the process, and out of courtesy to them, make sure we are on time.

We now have the subcommittee report, which is deemed to be approved by this committee, containing a reference under standing order 123 as raised by Mr Arnott, who is not here. However, I would ask the committee, especially Mrs Cunningham, to take note of standing order 123(c), which indicates:

"A report under this standing order from the subcommittee...shall be deemed to be adopted and shall take precedence over all other business before the standing committee except government public bills referred to the committee by the House."

I trust there is unanimous approval from the committee, subject to what people might say.

Mr Waters: In order to get some clarification here, does this mean Mr Arnott's bill will in effect bump Mrs Cunningham's bill? Is that what you are telling us?

The Chair: I bring that to your attention.

Mr Waters: When we talked about this in the subcommittee, I do not believe any of the parties were aware of that.

The Chair: Would a brief recess be appropriate?

Mr Waters: Yes, a brief recess may be in order.

The committee recessed at 1719.

1728

The Chair: There is unanimous consent that the matter of the report of the subcommittee be deferred to the next meeting of this committee next Monday.

There has been a request by Mrs Cunningham that the Deputy Solicitor General be invited to appear here for questions and dialogue.

Mrs Cunningham: He offered to come, so I think we should invite him.

The Chair: Is that with the consent of the committee? I am suggesting Monday at 5:30 pm when there is currently a slot open. Is there unanimous consent? Agreed.

The committee adjourned at 1730.

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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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Standing committee on resources development

Highway Traffic
Amendment Act, 1991

Comité permanent du développement des ressources

Loi de 1991 modifiant
le Code de la route



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday 2 December 1991

The committee met at 1541 in committee room 1.

HIGHWAY TRAFFIC AMENDMENT ACT, 1991

LOI DE 1991 MODIFIANT LE CODE DE LA ROUTE

Resuming consideration of Bill 124, An Act to amend the Highway Traffic Act / Projet de loi 124, Loi portant modification du Code de la route.

The Chair: Good afternoon, people. It is 20 minutes to four and we had better get started. There are people here who have been waiting since 3:30.

We are dealing with Bill 124, Mrs Cunningham's private member's bill, which has been referred to this committee. I would again note the presence of Dave Edgar, special assistant to the Minister of Transportation, Mr Gilles Pouliot, and also present is Mike Weir who is a safety policy officer at the Ministry of Transportation. You will recall that reference has been made to the fact that the Solicitor General finally replied to the letter to him from the committee requesting that ministry's comments. The Ministry of Transportation, of course, has been represented every day this committee has met.

The Ministry of Government Services wrote to the committee expressing a position, notwithstanding that one had not been solicited from that ministry. Interestingly, such ministries as the Ministry of Community and Social Services, which one would think would have a strong interest in this legislation, have not. Perhaps they have misplaced the letter that was sent to them, but if they have, then so has the Ministry of Health which one would think would have a strong interest in this legislation, as would the Attorney General, the Ministry of Consumer and Commercial Relations and the Ministry of Tourism and Recreation, although to be fair, the latter's parliamentary assistant, Dan Waters, has been here at each and every hearing.

I believe I speak on behalf of all the committee when we express our concern that these ministries were contacted some time ago and have not deemed this matter important enough to comment on. I believe it is a particularly troubling thing and I hope that when the whip's office reads the transcript from this afternoon, it might light a fire—not literally, but figuratively—under some of these people.

WINDSOR BICYCLING COMMITTEE

The Chair: We have, as the first participant in this afternoon's hearings, Mark Buckner, speaking for the Windsor Bicycling Committee. Mr Buckner, welcome. You have 30 minutes. I ask you to keep your comments restricted to no more than 15 minutes so there is plenty of time left for people to ask questions and engage in dialogue with you.

Mr Buckner: I will try to be as brief as possible, Mr Chair.

I represent the Windsor Bicycling Committee, which is appointed by city council in Windsor, Ontario, to represent the concerns of cyclists, to try and develop safe cycling facilities and to encourage the use of bicycles as a form of transportation.

A bicycle use development study was done for the city of Windsor and this is what we are using as our handbook to develop that plan. Wayne Lessard was a former chairman of our committee and was instrumental in getting this passed.

However, as you can see I have a written document here—I hope everyone has a copy. Part 1 of that is the motion we passed at our committee opposing this bill. It says although we strongly support the use of bicycle helmets and we strongly encourage their use, we do not feel we can support this bill at this time. The original was actually amended to read that we do not support mandatory bicycle helmet legislation.

We did not add anything else to the motion itself, but the letter in part 2, which I wrote to the Windsor Star at the time, pretty well outlines our position, and the committee felt we would endorse this letter as the basic outlines of our position.

I will go on to part 3 which is just a list of questions that were brought up by members of the committee, by cyclists, by store owners and other people interested in this. I will just go through them as questions and a few suggestions. We do not have a list of resolutions attached to this or anything because basically at this time we are just opposed to this bill. However, we do have lots of things to say about how we would encourage helmet use and bicycle use.

The first thing to say is that helmets do nothing to prevent bicycle accidents. Of course they help lessen injuries and in some cases prevent injuries, but they do not prevent the accidents. We have to prevent the accidents from happening. That is one thing.

One of the problems is, we do not have complete or accurate statistics on bicycle accidents and the causes of them out there. I have some statistics here that the Ministry of Transportation presented at its review of the bicycle policy; however, these statistics are limited to crashes between bicycles and motor vehicles as reported on police accident reports, so they are very incomplete and they do not give the whole picture.

One of the reasons for that is that under the policy that exists right now in the Ministry of Transportation, bicycles are not considered an important part of transportation policy. They really do not keep statistics on them except where they are involved in accidents with motor vehicles. The reason we need those statistics and need to study them is to pinpoint the causes. Where are these accidents happening? How are bicycle accidents being caused? In doing

that, then we can direct our enforcement efforts and our education efforts at the actual causes of bicycle accidents rather than at what may be perceived to be the causes, or just a scattergun approach.

I have added some appendices at the back here, some statistics, and I will give one example. These are old statistics and they are US statistics. The first one is taken from a Ministry of Transportation document and the second one from a book called *Effective Cycling* by J. Forester who is one of the experts on bicycle transportation.

In the first one we see that 37.8% of fatalities occur when a cyclist is hit from behind. However, says Forester, that is really a small percentage of the actual bicycle accidents. The biggest fear among cyclists is being hit from behind, which I think causes a lot of people to ride the wrong way down the road. I am sure you have all seen cyclists riding against traffic, and what they say is that they are afraid of being hit from behind.

Forester says that is not really a big problem except in a couple of areas: one is rural roads and the other is after dark. When you put the two together, rural roads after dark, you get a particularly deadly situation, and that is where a lot of the fatalities come from.

We have a law on the books that can address that. Although there is a law in Ontario that requires lights on bicycles, it is very poorly enforced. If that law were enforced, it would go a long way towards preventing that particular class of accidents. That is just an example of some of the things that can be done if we identify the actual causes of bicycle accidents, injuries and death and if we go out and direct our efforts towards those.

Another thing is, we could pass this law requiring helmet use, and a year from now studies would be done which show that head injuries and deaths have dropped dramatically, and that could prove the law is working. On the other hand, it could just be proof that there is an equally sizeable drop in the number of bicyclists on the road. The problem is I do not think we have the statistics now that will let us really figure that out for sure.

It is very hard to measure bicycle ridership and it is not generally done in traffic studies. I know it is not done in Windsor at all when they do traffic studies. You can measure bicycle sales, but that is no measure of ridership because we know most bikes remain in the garage because people are afraid to ride them. What I am saying is, do we really have the statistics, the numbers to tell us, to be able to study this law to see if it is working?

The other thing is, what are the actual injuries that are happening? I am sure we are going to hear from people who are going to have lots of statistics on how many head injuries there are, and I do not deny for a minute that they are horrible and there is an awful lot of them, but what other injuries are there? Do we know? Do we have the statistics in the cases where there are other injuries besides head injuries, and would the wearing of a helmet have prevented these injuries in a lot of cases? That is a hard thing to know, and of course we are never going to know that completely, but these are the kinds of things that I do not think we have a complete picture of.

1550

I will move on to the next thing which sort of comes out of that, and that is enforcement. I think everybody knows that the existing laws we have regarding bicycles are very poorly and selectively enforced. I pointed out the one about lights, but lots of other things, running red lights and riding the wrong way, I see all the time. I see police sitting there watching people do that. They are very poorly enforced.

There are a couple of things there. If we enforce those laws it could help cut down on the number of accidents. But if the bicycle helmet law is enforced in the same way, I think it is worse than not having a law at all, because if it is widely disobeyed and poorly enforced, it is going to be much harder for us as bicycle advocates to ever get people to wear a helmet and to take it seriously. If it is just a law that is scoffed at, they are going to say, "Why should we wear it just because it is a law?"

Of course if this were deemed something that was really needed in Ontario, that we needed that helmet law, we could make sure it was enforced universally, in other words with a police crackdown. But that involves lots of police, time and money, and do we really have that money and those resources. Is there really support among the public for taking those resources away from other things, especially in light of the rising crime rates that we are seeing now and the limits on police budgets? Are we really going to be able to reallocate those resources?

I also think it is probably going to take more time for the police to enforce a law like that than some of the other ones we have, even motorcycle helmet laws, just because there are so many bicycles. Because of the nature of what we are dealing with, policemen have admitted privately to me that they do not feel the law will be enforced or they do not know how they are going to enforce it. Publicly, police spokesmen say they will enforce it, but they of course know it involves a political will to do that. What I am asking is, is that will there? Is the government going to allocate all the money that is needed for police resources in order to see that this law is enforced?

If it is only enforced selectively, then it has the problem of becoming discriminatory. A lot of cyclists have expressed to me that they feel the police use the bicycle laws to hassle them and to discriminate; only certain people get stopped. That is a perception, but I am afraid that if this law is not universally enforced, that could add to that perception of just another way of hassling people. Other cyclists have expressed the cynical view, "Where is the money for these fines going to go?" It is just going to go into the general fund. Meanwhile we have been asking for money for bicycle facilities and bicycle education and there has not been much forthcoming.

As I said, I think the important thing is encouraging helmet use, and there is a lot of work to be done there and that is where we, as citizens' groups, can fit in. We have tried to do some of that. We have had the bicycle shops in Windsor start a discount program for helmets or offer discount coupons. We have really got to encourage people, but is a law really the best way to encourage them, especially when we are involving children and teenagers? If we brand

them as outlaws at a young age, it can make them resent the law and make them rebellious, or the other thing, just give up on bicycle riding.

The problem with that of course is, what are they going to do if they do not ride bicycles? They are going to drive cars in a large percentage, and that is one of the problems. Car accidents are epidemic. A lot more people have head injuries and deaths in car accidents. Of course bicycle use is not going to end all that, but I think it can be a significant factor as a transportation alternative. We really have to encourage bicycle use as an alternative to the problems of cars: pollution, energy waste and all that. If this law causes a large number of people to give up on bicycle riding, I think it is not doing a good thing.

The cost of helmets has been brought up. They are expensive. Low-income people are the people who are more likely to rely on bicycles as transportation. If they have multiple children whom they have to buy helmets for, that is going to be a major cost and also might cause them to lose this form of transportation and not be able to ride bicycles. Helmets have to be replaced as children grow. Also, many bicycle helmets nowadays are designed for one use. In other words, if you land on that helmet once, you have to throw it out and buy another one, because it has been cracked or it is no longer good. That is a very hard thing to try to enforce.

We will not be able to enforce that. People are going to wear those helmets even after they have been cracked, just because of the cost. Some people will. There is a liability question there. Perhaps someone is in an accident and is wearing a helmet that has previously been damaged and is injured because of it. What is going to be the liability?

There is also the question of liability for someone not wearing a helmet. If he is in an accident, is it automatically going to be the cyclist's fault. Even if it is not fully his fault, is he going to be found negligent just because he was not wearing a helmet? Perhaps the helmet might not have played any part in a particular accident. Also, will insurance companies deny coverage because a person was not wearing a helmet? These are all questions that have to be looked at. I do not know what the answers are or if we have even got answers. I think there is a whole can of worms there that has not really been studied.

Bike store owners and retailers have expressed fears to me that people have talked about proposals to regulate the cost of helmets or that they have to sell a helmet whenever they sell a bike. They are really afraid of that. There are a whole bunch of problems with that, and they do not want to see it regulated. They believe people should have the choice if they want to buy a very expensive helmet or buy a helmet separately.

It all gets down to education. We need public education. We need public awareness campaigns for helmet use, but also to encourage bicycle use. We need public awareness campaigns on bicycle safety to make people aware that there are bikes on the road, that they are vehicles and that they have a right to be on the road. We are going to see more and more of them. Also, I think we need campaigns to encourage bicycling as a transportation alterna-

tive, one that is inexpensive, does not pollute, does not waste energy and promotes fitness and health.

Education is part of it, but we need training for cyclists. We need effective programs that are going to teach cyclists the rules of the road and how to ride in traffic. They have to start very young, whether it is in the schools or outside of schools. We also need education for motorists to be aware of cyclists, to understand that bicycles are vehicles and have a right to be there, as I said. Bicycling should be part of the driver training. Part of the car driver training should teach people how they are supposed to react when they come upon a bicycle on the road and to understand what their rights and responsibilities are.

I think if we have a helmet law that does not include any of these provisions for education, that does not deal with it, it is like having a seatbelt law without having driver training, as I said rather rhetorically in my letter. It is like hoping that if we just put helmets on everybody and let them go out there, the helmets will save some lives. I think we have to try to prevent accidents. We have to make the roads safer, and I think that involves education first and foremost.

The last thing I have on my list of concerns, which I have touched on before, is the encouragement of bicycling as a really serious transportation alternative. The new mayor of Windsor said that in his campaign. And we are talking about an automobile city here. He believes that bicycles can play a serious role. We are working to get facilities so that can happen. I think we have only really scratched the surface of how much a bicycle can be used and how much it can do.

The Ministry of Transportation is reviewing its policy on bicycles. I spoke in front of that body a couple of times. We have not seen what is coming out of that, but part of that review was encouraged by Metro Toronto and by its traffic congestion and all the problems that cars cause. There is a real need to cut down on the amount of traffic that involves cars and motor vehicles. They identified cycling and walking, along with increased transit, as very important goals. I think cycling can go a long way towards solving some of these problems. We really have to encourage cycling.

Bicycles are not going to replace cars completely of course, but one of the things they can really be used to replace a lot are the short trips like running to the store or going down to the corner. All those short trips are the ones that cause the most pollution and most energy waste. Bicycles could go a long way towards replacing those trips.

In talking to cyclists, and in some studies that have been done, it does not take very much to discourage someone from riding a bike. The smallest factors can be enough to say, "Forget it, I will take the car." I think a helmet is a major social change in Ontario and one that is not widely accepted yet. I think that could really discourage people from riding a bike. Some will give up on cycling for ever, because it is not a priority with them. Others will just say for any given trip: "Oh, I have got to put my helmet on. Forget it, I will take the car." I think it is really a loss if that happens.

Are we just trading off short-term savings now? We are going to reduce the number of injuries in the short term, but what are we causing in the long term with our continued reliance on the automobile, in terms of pollution, in terms of the horrendous number of traffic accidents, in terms of wasting energy use, all those factors that automobiles cause?

1600

That is the kind of thing we are trying to promote as a citizen cycling group. That is the kind of thing we are working towards. We do not feel that this bill, as it is now presented, is going to help our cause at all. Sometimes I think maybe it would be easier just to say: "Pass the bill. It will get all those people off the road that are riding the wrong way, causing us all the problems. Then we can go on with the other ones." But unfortunately, those people, when we get them off the road, are going to be driving cars, and they are going to be hostile to us out there riding bicycles. They are going to make our job all that much harder.

We understand it takes a lot of hard work. We are the people that are going to have to do it, the cycling people. We are going to have to get out there and do the work on the education campaigns, the encouragement campaigns, developing programs to encourage helmet use, and we are willing to do that work. But I do not think this law is going to help that at all.

I would like to see a whole package on bicycle transportation come out, together with all these things involved: education, encouragement, programs to encourage helmet use, and hopefully some way of paying for building bicycling facilities. I hope it would come out of the policy review that is happening in the Minister of Transportation's office. I would like to see this forthcoming from this government, but at this point we cannot support this bill.

Mr Lessard: I want to thank you for making the trip to Toronto to testify for the committee. Mr Buckner, I know you probably were not able to ride your bicycle here.

Mr Buckner: No, and I was not able to bring it on the train either.

Mr Lessard: I want to thank you for acknowledging the name of the chair of the Windsor Cycling Committee in the past, but I should point out that I was not the chair at the time the resolution was passed that you put before the committee here today. I was there, however, when the bicycle use development study was made that you referred to in your presentation, and I wonder whether that study made any comments with respect to enforcement of the rules of the road, or with respect to the use of helmets.

Mr Buckner: It did. It definitely encouraged the use of helmets and said that they should be worn, that they save lives and are a good idea. It did not specifically come out one way or the other on a helmet law, but it definitely did dwell a lot on encouragement, on programs to encourage people to wear helmets. Some of those programs involve things such as I talked about, getting retailers to offer discount coupons, rebates from manufacturers. These things are happening in various places.

There are courses offered, like the Can-Skills bike course offered by the Canadian Cycling Association or effective cycling courses as described by Mr Forester whom I quoted earlier. We could tie some of those courses in with helmets, perhaps even convince helmet manufacturers to donate helmets, so that when a child completes one of these courses successfully, the reward is a helmet. The helmet is seen as a reward rather than a punishment, or something that they just have to wear because it is a law. That is the kind of thing the study recommends and the kind of thing we want to do as a committee.

As for enforcement of some of the other bicycle laws, once again we as a committee can work with the police on this to identify areas that are really causing problems. We could, for example, have a week where we announce that the police are going to be looking for people without lights.

We as a committee do the education work, the public awareness campaigns, to encourage people to have lights. The police are the ones that are going to be out there enforcing this law. But we work together, so it is not seen as a heavy-handed police crackdown, but rather as something that cyclists are promoting and encouraging. With helmet use, I think it is very important that people see this as something we as cyclists want you to do, rather than something you have to do because the police tell you to.

One problem is that if this law just comes in without that work being done beforehand, then we get to be the bad guys. "You are the guys that made us have to wear a helmet." It makes our job all the harder to try and encourage bicycle use, to try and encourage these kinds of things, to encourage the people who make the choice to make it safe.

Mr Cleary: First, how many years has your committee been in place? Second, are you encouraging bicycle paths, bicycle routes, bicycle trails in the Windsor area?

Mr Buckner: Yes, we are. We have a whole system mapped out for all those things, bike trails in parks, bicycle routes that would be signed on the roads as recommended roads and bike lanes where there would be lanes on the road. We see a role for all those things and we are encouraging them. As for how long the committee has been in existence, I think it is seven or eight years. Is that correct, Wayne?

Mr Lessard: Five.

Mr Buckner: Five. I thought I went to meetings before that. Anyway, the actual committee has existed for five years as an official committee.

Mr McGuinty: Mr Buckner, I wanted to thank you as well for attending here in Toronto and appearing before us. I agree with you wholeheartedly when you say that we in this province have not yet begun to fully explore the potential of bicycling.

You said that making helmets mandatory would discourage bicycling. I gather your evidence was based on your experience in the community and speaking with people. To your knowledge, has there ever been any kind of a poll taken or any kind of a scientific assessment of whether

people will or will not buy their bikes if they are compelled to wear a helmet?

Mr Buckner: Not specifically on that question. There are very few scientific polls taken on anything to do with bicycling. I know I have seen, I believe in the book by Forester, a list of people's reasons for not cycling in general. They range the gamut, very minor things some of them, that people perceive as large obstacles to not cycling.

The major one, of course, is that they do not perceive the roads as safe, but they get right down to the weather being perceived as too cold, or just the wrong shoes or whatever. It does not take much to discourage people from riding a bike. I know that also from my own personal experience as a cyclist. Sometimes putting my helmet on is just too much of a hassle. I will walk to the store instead, which is fine from an environmental standpoint, but someone else might take a car in that case.

Mr McGuinty: As I understand it, one of the main thrusts of your argument is that helmets do not prevent accidents. What we really require are education programs to better educate cyclists and car drivers as to what each other's responsibilities are on the road and how to abide by the rules of road. Why could we not do that in conjunction with a mandatory helmet program?

Mr Buckner: My point is, if we do that properly and we do those campaigns, maybe we will not need a helmet law at all. If we can get compliance to a very good level, maybe we will not need the law. Maybe we can reduce the injuries to—I hate to get into the very thorny matter of acceptable risk, but everything in society carries risks and bicycling is really way down the list. I have something here I did not Xerox because we always have to be very careful with studies like that. You have to know what they are based on. On the list of risks, cycling is way down the list. You have more chances of dying as a pedestrian than a cyclist. Of course, there are more pedestrians. So these questions are very hard.

But I believe there is a case to be made that not every cyclist needs to have a helmet on at all times. I believe that someone going very slowly on a one-speed bicycle in a park may really not need a helmet. To pass a law, we are going to say that all those people should be wearing helmets all the time. If we can get all the cyclists who are riding on roads and who are in danger to wear helmets, and if we can really cut down on the injuries and deaths, if we can really do that, and really conduct the campaigns to do that, I do not think we will need a law.

Mr McGuinty: I will just make a comment, then I am going to ask you a final question. Even if everyone does follow the rules of the road, there are going to be what we call accidents, and someone is going to sustain some kind of injury. My question is this: One of the things we are trying to do here is balance rights, rights of a cyclist not to wear a helmet—

Mr Buckner: Versus rights of society.

Mr McGuinty: —versus rights of society to keep medical costs down. I think we heard from an expert last week who told us that if you look at this strictly in terms of dollars and cents, the costs associated with administering

medical treatment and some kind of a recuperative program for someone who sustained a head injury are really tremendous. What if we could be convinced that it is cheaper to put helmets on people and to implement and administer that program than it is to treat them once they have been hurt? Whose rights should be paramount here? Society's rights to keep the taxes down as low as possible by minimizing expenses in all areas including health care, or the cyclists' right not to wear a helmet?

1610

Mr Buckner: I understand that, and it is a very hard issue to deal with. But, as I said before, we have a huge problem with head injuries in car accidents. People have brought up to me the seatbelt law. We decided that was another case of individual rights versus society rights, but to me it is an admission of failure—failure to keep car speeds down, failure to deal with the accidents, failure to convince people.

Now we have a situation where car companies advertise cars that will go so fast you will lose your driver's licence. Why are we allowing things like that in society? There is a real problem. I really believe bicycles can be a solution, to get a lot of those cars off the road, to convince people that you do not take a car everywhere. It is a balance. We have to balance what we are looking at. Do we really have a right to drive everywhere we want to go, to have millions of cars on the road? If we really want to cut down the head injuries to nothing, we will ban bicycles. But there is a balance there too.

Mr McGuinty: I am going to ask you one more little question.

The Chair: Mr McGuinty, I wish you could. My apologies. Perhaps Mrs Cunningham will leave some time, I am not sure.

Mrs Cunningham: First of all, I would like to thank you for coming before this committee. When I first thought seriously about asking for this legislation, probably seven years ago, I did not at that point feel qualified. Nor did I feel we had the statistics, at least in Canada, to support such legislation. In the last couple of years, I feel strongly that we do.

I am looking at a letter you wrote to the editor of the Windsor Star. You made a couple of points. You talked about us saying—when I say us, I am talking about myself, because I consider myself such a great person that nobody would dislike me for any reason in the world, even though I am presenting this legislation and there will be differences of opinion. I am trying to come to some conclusion in the interest of prevention and good health and all those things.

Mr Buckner: I understand that, of course.

Mrs Cunningham: Although you and I may have a difference of opinion, I want you to know that I am going to try to persuade you before you leave this room that I am right and you are not.

Mr Buckner: I have never had any doubts about your sincerity.

Mrs Cunningham: First of all, you mentioned the numbers 85% and 88%.

Mr Buckner: I have used those numbers myself.

Mrs Cunningham: Right, and we all have used them. We, people like myself and myself, usually use numbers because we read them somewhere and we take a look at where we read them. Perhaps we read them in a pamphlet put out by the Head Injury Association. I do not feel that an association like that can print those kinds of numbers without having some pretty good backup. But I went further than that in looking at the numbers and I have gone to the sources of many studies. I feel that the New England Journal of Medicine is a periodical most of us would love to have our own publications in. Of the studies we are quoting, a couple are in the New England Journal of Medicine, and they cross-reference their quotes. Those numbers are well documented.

I suppose the numbers you and I should care about are the Statistics Canada numbers from 1986. They have been certainly looked at since, and duplicated in studies. The one that really impacted on me was done by a Dr Brian Morris. It is called Promotion of Bicycle Helmet Use Among Schoolchildren: A Randomized Clinical Trial. It says, "In Canada, 63 children died from injuries received in bicycle mishaps in 1986." That is the Statscan stuff that I used.

Mr Buckner: In Canada, not Ontario.

Mrs Cunningham: In Canada. I think those numbers are Canadian numbers. If the newspaper got it wrong, I cannot help it. I do not even read the newspapers. I would like to read newspapers. I just do not have time. I read clippings.

Mr Buckner: No, those are the figures I have heard too. I agree with you on that.

Mrs Cunningham: The Morris study says, "In some surveys, bicycle accidents were the single most common cause of serious head injury in the paediatric age group," and it gives the source of the quote—I will leave this with you, "as well as the most common cause of death in childhood outdoor injuries. Boys age 10 to 14 are at highest risk of death from cycle injuries, while younger boys age 6 to 12 are most often involved in non-fatal bicycle mishaps."

The next paragraph really had an impact on me: "These figures have led the US Consumer Products Safety Commission to place bicycles at the top of its list of consumer products most frequently associated with emergency-room-treated injuries."

It goes on to say at the conclusion of the study, "Our results imply that efforts to prevent head injuries by encouraging bicycle helmet use cannot rely on education alone. The solution might lie in subsidies"—because he looked at subsidies, giving people subsidies so they could afford these helmets—"or might require legislation, as has been so effective with motorcycle helmets." They are simple statements, but the result of a lot of work. It says this big trial took place here in Ontario.

I just wanted you to know that when I used the numbers you cited in your letter to the Windsor Star they were basically backed by some good solid research here in Ontario.

I have been involved in education for bicycle helmet use as a member of a home and school association since 1973. This is not new to me, as a mother of a kid in Brownies and another one in Scouts and on and on. It is the same with some of my colleagues; some of them are almost as old as myself.

Then you went on to talk about the number 60.

Mr Buckner: Right.

Mrs Cunningham: The number 60 is the number that is used in many places.

Mr Buckner: But that is across Canada. The newspaper article made it seem like it was in Ontario. I was not questioning your statistics.

Mrs Cunningham: Well, you go after the Windsor Star.

Mr Buckner: I was going after the reportage of it, not your statistics. I was pointing that out to them.

Mrs Cunningham: Good for you. You had a couple of questions, though, I thought quite serious. It is going to be our responsibility to go through your list at the appropriate time and be able to answer every question. If we cannot answer the questions, I feel we should probably not be in the position of recommending this legislation. But I wanted you to know that we are not planning to do this overnight. At least, that is not my intention. My committee colleagues—this is a non-partisan issue—will sit down and think about what is fair.

One of the pieces of legislation we looked at was from Howard county, in the state of Maryland, as a result of a couple of students dying in the school there. A couple of mothers there saw this legislation through in probably six months because they felt so strongly, given the statistics they had. It was phased in over months not years. It was phased in with no fines in the beginning. They shared your concerns with regard to laws being implemented.

Certainly, in our phone calls in the last couple of weeks involving co-operation with the public education you talked about, things seem to be going very well. We feel here in Ontario that this is very important. The government has told us it does not have much money, so it is up to some of us to make certain that the private sector comes up with that money in these tough times. Insurance companies have shown a very serious interest in doing that.

There is some last compelling evidence I wanted to give to you, and then you can respond to what I said. We are now getting verdicts of coroner's juries where kids have died in these accidents. This is not new, by the way—people are so desperate. The one I have in front of me concerns a 15-year-old child by the name of Michelle Contin, who died of a head injury. In this case, just last month, the coroner's jury made three recommendations. The first one says that mandatory CSA-approved cycling helmets be worn at all times when cycling. The jury refers to the Australian experience and the success they have had in prevention in Australia in less than two years. The second recommendation concerns education and the third concerns public awareness.

If we take a look at our own success in seatbelt legislation in accident prevention in this province—

Mr Buckner: Accident prevention or injury prevention?

Mrs Cunningham: Injury prevention. Thanks for correcting me. You really are articulate on that one. I will become more articulate.

We just have to take a look at what the medical people are telling us. Most of the good evidence we are getting is from people who work in trauma units and from parents. I am just saying that I have been involved for almost 20 years in education, and it has not been particularly successful.

Mr Buckner: There are a large number of points to argue there. It has not been successful of course, because, I think, we have not put the resources and the money and the time needed into that encouragement program.

I have to question you on one statistic you quoted. I believe you said, talking about children and head injuries, that bicycles were the consumer product most responsible for head injuries? Is that how you put it?

Mrs Cunningham: Yes, that is the American experience.

1620

Mr Buckner: Did they include cars as a consumer product in that study?

Mrs Cunningham: I would not know.

Mr Buckner: If they are including a bicycle as a consumer product rather than as a vehicle, which is how it is defined in the Highway Traffic Act, I think we have a different problem. As for the law in Maryland, if *Bicycling* magazine is correct, I believe the law there applies only to children on bike paths. They have different ways of legislating in the States.

You are talking about children in a lot of these cases. Now, your bill is an amendment to the Highway Traffic Act. Is it really addressing the problem of children? The Highway Traffic Act cannot really deal with bike paths and parks and sidewalks. How are we going to get the helmets on kids in those places? Obviously we have to get the parents to get the helmets on the kids, to educate the parents that the kids should be wearing them in the parks and on the bike paths, because in a lot of cases they are probably in more danger there than on the roads. They are generally not on the roads. I do not know if this bill, as it is, is really going to address that problem.

We all have lots of anecdotal evidence, and we can all point to things. I know cyclists who have died. But I think we really have to be careful with that, and really look at the real statistics, at the real numbers, and compare them, balance, as Mr McGuinty said, the risks to society and the individual.

Mrs Cunningham: I can assure you that seven years ago I would not have introduced this legislation, because in my view the evidence was not there. Statistically I feel very strongly that it is now. What I would like to do is to send you the Hansards and see if you have any problems with the witnesses that come before the committee, because I consider you a particularly credible witness.

Mr Buckner: Thank you.

Mrs Cunningham: You are a cyclist, you are the chairman of a cyclists' club, you are the kind of person that we want to have support this kind of legislation. I am sure the questions you have asked today can all be answered. Perhaps I can entrust Mr Lessard with that tremendous responsibility. But I can assure you I have certainly taken my views to people from the cycling club in London and they will in fact be supporting this without my having to speak to them individually.

The Chair: I have to interrupt you now before we take up the time of the rest of the people who wanted to speak to us this afternoon. Mr Buckner, thank you very much on behalf of the whole committee. Your contribution has been a very valuable one. We appreciate hearing what you have had to say. Mrs Cunningham is going to send you Hansard, put you on our mailing list. The word processor is going to be spitting out mailing labels like you have never seen before. Have a good trip back to Windsor. Take care.

ONTARIO MEDICAL ASSOCIATION

The Chair: The next presentation is by the Ontario Medical Association. Will the presenters please take a seat. For others who have come in, there is coffee and other beverages, not all of them from Ontario, least of all the orange juice. That is a matter of contention between me and the whip's office and has been for a number of months now, but they seem disinclined to do anything about it.

Will representatives of the Ontario Medical Association introduce yourselves and make your comments briefly. Please leave us time for questions and discussion.

Dr Boadway: Thank you very much, Mr Chairman. My name is Ted Boadway, and I am the director of health policy of the Ontario Medical Association. With me is Dr Rocco Gerace, professor of emergency medicine and the chairman of the division of emergency medicine at the University of Western Ontario. Furthermore, he is the chairman of the committee on accidental injuries of the Ontario Medical Association.

What we are to bring to you today is, first, support for this bill. Secondly, I will tell you that it is the considered opinion of physicians across this province that bills like this should be supported. Some time ago, we did a policy analysis of this kind of initiative and presented it to our governing council, which is represented by population from across the province, and this is supported by physicians right across the province, top to bottom, side to side.

I personally approach this from several points of view. First as a father, second as a physician, and third as a policymaker. As a father, I had the misfortune to experience every parent's nightmare in that I actually witnessed an accident to my youngest son and saw the moment of impact, unfortunately. It was a very significant impact and would have resulted in a head injury of the most grave condition. His body took some time to convalesce but his head did not, and the reason for that was the helmet he was wearing at the time. Head-on-metal has quite an effect on the head, but metal on helmet had almost no effect on his head. It was quite remarkable to see it, to gratefully hear his scream of terror and pain from the rest of his body as

soon as he could catch his first breath. It was the most welcome sound I could have, because I expected from the head injury he had that he would never scream again. But he did not have a head injury. It is an explosive event in one's life. It turns you into a bit of a campaigner, I will confess. I am not entirely unbiased in this particular point of view.

As a physician, you see the carnage and the results thereof, and not just at the time of injury. I was a family doctor before I came to work for the medical association. You see the long-term effects. You live with them in their convalescence, and then you live with them for ever in the community. You live with their disabilities and you try to help families cope with them. It is a long-term issue.

And last, as policymakers, we have analysed the situation in the context of public health for the people of Ontario, in the context of saving health care dollars, in the context of preventing wasted and spoiled lives, because so many of them are young, and we see the public health benefit in bringing in health legislation in this regard.

Dr Gerace: Thank you for allowing me to make a presentation this afternoon. I bring to you my experience as an emergency physician and a member of the trauma service at Victoria Hospital in London, and also as a teacher in emergency medicine. In my practice I have ample opportunity to see people who have been victimized by trauma of all causes, and trauma is devastating, both to the victim and the family. In my role as a teacher, I tell my students that trauma, although the third leading cause of death, because it is so prevalent in the younger age groups, is the leading cause of lost life years in our society. Bicycle injuries are among the highest causes of traumatic injuries, and among the bicycle injuries, head injuries lead the causes of death.

It is incumbent on us as physicians to look for ways to prevent these injuries from occurring. I was delighted to hear the *New England Journal* article quoted already and, to my mind as a scientist, that is credible research and it is credible information. Indeed, the article says that 85% of head injuries can be prevented if bicycle riders wear helmets. I think that is an important statistic to be aware of, and it will go a long way in helping to prevent many of these injuries from occurring. That is one of the main reasons why we in organized medicine have taken on the issue of bicycle helmets and have been very active in promoting the use of bicycle helmets. We have undertaken a number of campaigns.

Dr Boardway: We analysed the situation at the association and in 1984 had a policy statement passed by our governing council. It represents about 250 doctors from across the province who are elected to our governing council. This policy statement supporting mandatory use of helmets was passed at that time along with a great number of other initiatives which would enhance bicycle safety in the community.

Following that, we were involved in campaigns to encourage bicycle safety, with particular regard to helmet issues. We were involved in a very extensive campaign in Ontario which was quadripartite in that it involved govern-

ment, manufacturers, retailers and the medical profession. In that campaign in 1989 every family physician and paediatrician's office demonstrated or displayed this stand-up poster. Also, posters that we provided were put in schools and used by the police around the province in their campaigns. That was done co-operatively with the police, as well, and accompanying this was a tear-off coupon that would provide a discount for parents when they went to buy a helmet for their child.

This was a very successful campaign. It was so successful that the Canadian Medical Association asked to take the campaign nationally, and we of course were very pleased to help them do that. This past year, the result of this was a similar kind of package that went out to every family doctor and paediatrician's office across the country; once again, a very successful campaign in that 40,000 helmets were sold through this campaign this year alone. So if you add that up to previous years' campaigns, just the encouragement to wear helmets has been very significant. We have significantly increased the number of wearers—not alone—in concert with a lot of other people, and we believe that increasing the amount of education right across the spectrum is important.

Next year the campaign will continue. It is not something you can do once. We have been in it for seven years. We intend to stay in it. I have just given you some highlights. We have worked with other groups in this area, local groups which are interested in working with us and provincial groups.

1630

Dr Gerace: Perhaps I can talk about some of my frustrations as an emergency physician. Many of you have heard from my colleague, Peter Lane, about the frustrations in dealing with trauma. Probably the most frustrating aspect of dealing with trauma is dealing with head injuries. Head injuries are devastating. There is often very little we can do to reverse the damage that has been done, and these injuries are devastating not only to the victim but to the victim's family.

We have been hearing a lot of statistics on the incidence of head injuries and the incidence of accidents and I find it frustrating because I do not feel these statistics capture entirely the number of accidents that occur and the amount of devastation that occurs with these accidents. There are kids who fall off bikes who are presented to hospital emergency departments but who never get captured in ministry statistics and in a whole host of other statistical analyses. Although these children may be out of hospital in just a few days and may not seem to suffer permanent disabilities, in fact there are subtle changes that often occur, and these subtle changes will go on and cause behavioural abnormalities, problems in the family, problems in their schooling and things that are just not measurable.

I would like to share with you a victim of a bicycle accident that I saw. This was a racer who was racing, thrown from a bicycle, and rushed into the emergency department, fortunately along with her helmet. The helmet's polystyrene lining was shattered. In fact, that patient got up and walked out of the emergency department later the

same day. I shudder to think of the injuries that would have occurred without a helmet, and it certainly convinced me that helmets are effective in preventing head injuries in bicycle riders.

I would encourage all of you to look upon this legislation positively. Ted's son was fortunately prevented from having a serious injury. I want to see my son and his friends all have their injuries prevented, as well, by the use of helmets.

I will close by reading a quote from the New England Journal article, which has been distributed to you. In referring to the use of helmets, they say it is inconvenient, but so is not being able to think or talk because your head has been pounded into jelly. Helmets will prevent injuries and will improve the health of the citizens of Ontario.

Mr McGuinty: Thank you, doctors, for appearing before us. You have confirmed—I do not want to say this in any particularly harsh way—that helmets serve to effectively minimize the kinds of head injuries people can suffer. You have heard me ask questions of the earlier witness there, and he raised a point, if I can paraphrase him, that in society we should be entitled to assume risks, and governments should not be seen to be intruding into our personal lives unnecessarily. How do you respond to something like that?

Dr Boadway: People do assume risks, and sometimes in society we do make collective decisions on assumption of risk. But I would suggest that one of the groups that assumes the greatest risk here is children, and we pay special attention to the welfare of children in our society, because children are frequently not able to speak for themselves in a way which is heard by lawmakers or governors. Children bear this injury particularly; we see it, and yet the child was raised in an environment in which either he was wearing a helmet because of that environment or was not because of the environment, not because of any choice he had.

I suggest that maybe we should ask children when they are 20 if they would like to have worn a helmet when they were four or six. We cannot do that, but we are 20 and more. Maybe we could ask if we would like to wear helmets. I personally believe in helmet-wearing.

Dr Gerace: I would just like to make a comment on personal rights. I think we have dealt with this issue in other areas, especially as it relates to trauma, and that is with motorcycle helmets and seatbelts. People maintain they have a right not to wear seatbelts, but we have shown I think quite clearly that they prevent trauma due to accidents and death due to accidents. I cannot help but think that the same situation applies with bicycle helmets. Who is to bear the cost of an injured person in that society? As Ted says, we have a responsibility to protect our children from these injuries.

Mr McGuinty: What if we were to have a law that simply said we were going to make helmets mandatory for children or for someone up to 16 years of age, when presumably they have reached an age when they can then decide of their own accord what the merits of bicycle helmet-wearing are?

Dr Boadway: In that case what you will do is make a perverse incentive for children not to wear helmets because it will be seen to be part of being grown-up, that you get not to wear your helmet. I suggest that is not quite the way to go on it. I would like them to think it is part of responsible behaviour that you wear your helmet, so I would like dad, who is 27, to be wearing his helmet when he takes his son or daughter out for a bicycle ride.

Mrs Cunningham: This gives me an opportunity to thank you on behalf of lots of parents across this province for the work you have done and your public awareness and prevention campaign and also for the paediatricians who had the little vouchers in their offices that people could fill in. How many helmets did you say were distributed, some 40,000 or something?

Dr Boadway: There were 40,000 helmets this year alone, yes.

Mrs Cunningham: My question relates to the previous witness, because I could not have answered it either, his argument about riding these bicycles at night and that just 18% of the accidents happen in the evening, or whatever. I do not know what you think about that, but that is the reason for the headlight on the front of the bicycle. There is a fine if you do not have a headlight on your bike half an hour before dusk and half an hour after sunrise. We were talking about this in committee last week. It does not seem to be much of a deterrent and it is not enforced. It is a concern of his and it is a concern of ours. How do you feel we are going to do in enforcing this legislation and what would your recommendations be?

Dr Boadway: Enforcement of these things is not a simple thing. If you look at the spectrum of people, there are some who, just thinking about it, will start to wear a helmet, because they think it is the right thing to do. At the other end of the spectrum there are people who, no matter what logic there is, refuse to wear their seatbelts. It escapes me how this can happen, that people would not wear their seatbelts, but they do. Fifteen per cent of drivers are absolutely recalcitrant, not responsible in my frame of reference. You will have the same thing with bicycle helmets. You have recalcitrant non-wearers.

In the middle is a whole bunch of people who may not be particularly thoughtful about it but are not particularly recalcitrant. This group of people in the centre looks for flags in society. They look for how society flags the issue and they are swayable by it. When you as legislators flag this as an important issue, you say, "I care about this." When you make public statements about it and you make the laws of the land responsive to these public statements, that is a signal some people will follow. That alone will shift the limit up. We are not going to have perfection, but we go for what we can, and I hope that when the system comes in it is not a particularly punitive system, because that will have some spinback. We need a lot of years further of education. But we have done a lot and now it is time for the Legislature to take its stand on this and signal society how important it thinks it is. That will give us another leg up and maybe over time we will get where we need to be.

Dr Gerace: I would like to make a comment as well. Looking at the differences between legislation, enforcement and education, my epidemiology colleagues make it very clear that education can only go so far. Unless the education is enforced, we will not catch a large number of people who will be resistant to any issue, let alone bicycle helmets, so I think it is important.

1640

Mr Lessard: I really want to commend the Ontario Medical Association for the efforts it has made in this regard. It has probably done more to encourage people to wear bicycle helmets than almost anything the government could do, save and except pass a law. You made some comments about the acceptance of risks by children and of course, children sometimes accept risks without the knowledge of the risk they are accepting. It is my understanding that right now there are not really any standards for children under five years old, or very small children. Would it be your position that maybe children under a certain age should not ride bikes if we do not have helmet standards that are going to protect children?

Dr Gerace: I appreciate there are no standards for the very young who are going to be riding bikes or are on bikes, but I do not know if that suggests helmets are not effective. I think we are looking at different anatomical features, different physiology, but I cannot help but think intuitively—and I know that is not science—that helmets will still be of benefit in this age group and I think more research needs to be done in finding out what kind of helmet is best. I would be reluctant to suggest, because there are no standards, that helmets are not effective.

Mr Lessard: You mentioned as well that one of the roles of legislators is to flag certain issues the great percentage of the public may not have thought about, and how they should behave. In this case we would be encouraging them to wear helmets when riding bicycles. I think you might have been here earlier when Mr Buckner from Windsor spoke. He expressed some concerns about the implementation of this legislation and dealt with problems of enforcement and the fact that the cost might actually discourage people from riding bicycles and might not encourage bicycles as a form of transportation. Do you think we are really at the point where we are ready, or the public is ready, to accept this type of legislation, or should we give people such as yourself more time to continue with your campaign? Do you think there are other people who should be involved in the campaign you have undertaken? Are there other people who should be doing what you are doing?

Dr Boadway: We would be tickled pink if anybody wanted to take up the cause. We were really delighted when the CMA asked us to take our program nationally as well as to keep it in Ontario, so that would be fine with us. That is why we work with other groups. Is it the right time? I do not think there is ever a time that would be perfect. It would be perfect if 100% of bicycle riders were wearing helmets, then you would guarantee a no-fuss introduction. Would that be perfect? Only from that point of view. I suspect in these things it is always a matter of

trying to decide. We have fussed a lot in the last years about when we should. In 1984 we had in our books that we recommended mandatory helmet legislation and yet for many years we really have not done much about it. We have gone the educational route. Some of our doctors have said: "What is this? This is nonsense that the OMA is not being more aggressive in this. What's the matter with you people? We're still seeing the carnage and we're fed up with you taking this limp-wristed approach to this kind of thing. Get on with it."

On the other hand, we wrestle with exactly that. Is it the right time? Now is the right time. It is the right time because there is an initiative going on. You have to seize the moment. It is happening, the bill is here, it is in committee; now is the right time. If we blow this one, we might wait for another seven years before somebody gets up the courage to do it.

The Chair: Mr Klopp, briefly, so that Mr Waters has a chance to ask a question too.

Mr Klopp: I want to be on record to support that it has to be over 16—the peer pressure. I grew up with no seatbelts, no helmets. I fell, we bounced around the car, all those good things. My children give me heck when I get in the car and forget for half a second to put my seatbelt on and they cry if they do not have the seatbelt on. It drives me crazy, but I think that is due to positive education.

My daughter got a helmet. I said: "What does she need a helmet for? I didn't have one when I was getting my training wheels." But one day I saw her out riding around, and she fell off. You know, you hit that pavement pretty good. That just confirmed right there that you wear it all the time. There is no such thing—accidents: That is why they are called accidents. I hope we can figure out some ways to get some excellent people doing it. I think if your organization is that strong to help promote this kind of action, I am looking for your support.

Mr Waters: I have to commend you for all your work in my community. My doctor organized one of those campaigns last year. It went over quite well. I am going to take the lead from our Chair here, so I will lump three questions into one. I would like some comments, first, on enforcement: How you feel we could enforce a law when we are dealing with children? What happens if you catch a young child on a bike? What do you think we should use in the line of enforcement? Enactment: Do you feel it should be staged in, or enacted on one given day for everybody? The other thing is children in the seats behind their parents. I am really concerned because quite often parents, should they have an accident, can always clear themselves from the bike, but the children are strapped in. It is not only their heads; I am thinking about the neck injuries they would receive. I will leave it up to you. Thank you.

Dr Boadway: I will do the first one, and Rocco will do the second two. Enforcement: On the way up here, Rocco and I were talking about that very thing. We thought the perfect solution was a children's prison. It would help with the parenting problems, okay? You can quote me on that.

Mr Lessard: You are quoted already.

Mr Waters: You are in Hansard, it is done.

Dr Boadway: That is right. Enforcement is not going to be easy because you do not want to slap kids in irons, not lots of times, anyway.

Mrs Cunningham: It is a good day, we can see.

Dr Boadway: That is right. This is going to require some sensitivity. The police do a very good job, they are going into the schools. My kids come home and tell me about the policeman or policewoman who told them about the things. The kids think this is great. The police approach to this is not going to be draconian. I think they are going to be sensitive about it because they have been sensitive in their approach so far. I think we need to give those campaigns a chance. The police can say to the kids: "This is really important, so important, it's the law. But, gee, kids, we don't want to really do it to you." The fact that it is the law gives us an opportunity to educate in a whole new way.

Yes, there may come a time when irresponsible behaviour has to have some consequence. I do not think we can stop that. The day may come when irresponsible behaviour has to be stopped. Irresponsible behaviour will occur most likely with us—the adults—who set a bad example, not with the kids. It is time it was enforced on us so the kids see that is the way to do it.

The Chair: Thank you. Mr Cleary, really brief, please.

Mr Lessard: There is another part of the question that did not get answered.

The Chair: I understand that, but people have been waiting here well beyond the time they were scheduled to make their presentations. Mr Cleary, really quickly.

Mr Waters: Mr Chair, does the Speaker do that to you every—

The Chair: On occasion, you had better believe it.

Mr Cleary: Regarding the support you had in our part of Ontario, the chairman of the medical academy and I used to meet two years ago at 6:30 in the morning. He was just about ready to retire. We used to have our meetings prior to starting his operations at 7 o'clock in the morning. He always drove up on his bicycle in his helmet at 6 o'clock or 6:30 in the morning. He was a strong believer.

The Chair: Gentlemen, the committee wants to thank you very much for taking time out of what we know are hectic and busy days to come here. Your interest is appreciated as is, of course, that of the association you represent. Please keep in touch with the people involved and let us know about any other concerns you might have.

BARRY FITZGERALD

The Chair: Mr Barry Fitzgerald is from Welland in the heart of the Niagara Peninsula.

Mr McGuinty: Where is that?

The Chair: Welland is in the heart of the Niagara Peninsula, equidistant from any one of the border communities there.

1650

Mr Fitzgerald: I am here as a private individual.

The Chair: Please go ahead. Try to restrict yourself, though, to five to seven minutes and then we will have some time for questions and dialogue.

Mr Fitzgerald: I am sure I can handle that. One of my prime concerns is an issue of religious discrimination. As most of you will probably know, if this bill is enacted it will effectively ban baptized male Sikhs from riding bicycles. I think that is an issue you have to deal with. I wrote to Mrs Cunningham regarding this concern. She agrees it is a problem but she could not offer any solutions to it.

Another problem is that the aim of this bill is to minimize injuries after the accident has happened. It would be better to focus your attention on reducing the accidents in the first place. I suggest you accomplish this by rider training and perhaps by building bicycle pathways, following the European model.

Our present system allows anyone to use the road with no training or knowledge of the road. They can use any road, except posted four-lane highways. I think that is an unacceptable situation. Before riders should be allowed the privilege of using a road, they should demonstrate that they can do so responsibly. Should this bill become part of the Highway Traffic Act, I have a concern about enforcement, particularly with regard to young children under 12 years old. As you should know, the Provincial Offences Act states that children under 12 years old cannot be charged with an offence. This group of cyclists is the most inexperienced, the least knowledgeable and thus the most likely to have an accident, yet they are exempt, for all practical purposes, from the bill. I take serious issue with any attempt to attach culpability to the parents.

As we move upwards in age group, between 12 and 16, they can be fined and ultimately their licences can be suspended—that is the most severe punishment available under the Highway Traffic Act—only they do not have licences, so there is no real enforcement possibility that I can see.

I have discussed this bill with many people in the community. I have found that, while some non-cyclists are more likely to favour it, the cyclists I spoke to were almost unanimously against it. Some female cyclists said they would sell their bicycles before they would wear or buy a helmet. They cited reasons ranging from the expense of the helmet to such trivial things as messing up their hair. I think it is trivial, but they do not; they are serious. They also want to know what they are supposed to do with their helmets once they arrive at their destination. Listening to the presentation from the Windsor cyclist group, I can see it is not just the people of Welland who feel they may get dissuaded. I think cycling should be promoted, both for environmental and health reasons, not discouraged.

Mrs Cunningham, I understand you have had a personal tragedy in your family regarding a head injury. You have my deepest sympathy, but I do not believe this is the way to try to rectify the situation. As I understand the information, your son was injured while riding in an automobile and he was not wearing his seatbelt.

The Chair: I am loath to interrupt anybody who participates, but Mrs Cunningham has not put her family

circumstance as an issue here and I am not about to ask her to. We must restrict ourselves to the bill. I will take direction from the committee in that regard, but I will not tolerate Mrs Cunningham's personal matters being discussed here by way of speculation. If the committee members disagree with me, they can tell me so right now.

Mr Fitzgerald: Very well. My concern is, what is next? What next restriction will be placed? Will drivers of automobiles and passengers be required to wear helmets? Will we start banning sports, making regulations for people in sports to wear helmets or actually banning some that are considered dangerous? It opens quite a can of worms and I think it should be avoided. Therefore, I would like you to consider withdrawing this bill.

Mrs Cunningham: Mr Fitzgerald, thank you for appearing before the committee. The reason for these hearings is to get some good advice on whether or not Ontario is ready for this kind of legislation. I have to tell you that my very first concern in presenting this bill was that I am a Conservative and I have never, ever been one to support intrusions into people's family lives, so for me this has been a very difficult piece of legislation to bring forth. It has been based on improving the quality of life of so many people, not unlike the people who presented the seatbelt legislation; we have gone on in this province and in North America to benefit significantly with regard to the quality of family life and the quality of individual life because of it. I can tell you this was not something I wanted to have to bring forward. Some days I wish the whole thing would just go away. I am now talking about accidents with children and adults on bicycles. I share your concern significantly.

Second, with regard to my own child, I do not mind talking about that. I could not have done it seven years ago; I probably could not have talked about it three years ago. That is not the reason I am bringing forward this legislation. I can tell the people in the audience that if you talk about prevention of trauma and about death due to accidents and about modern medicine, I can speak as a parent who watches, on a day-to-day basis, a child who used to be an athlete and who used to read and write but does not any more. If I can speak with more compulsion or with more compelling reasons for supporting this law, I wish I did not have to do that but I do, but it is not the reason I presented it. You are quite right, Kevin was injured in a car accident and he did not have his seatbelt on. I can assure you we have had mothers here whose children were injured in bicycle accidents and who did not have helmets on, and I know how they feel. They are trying to do what they can.

With regard to your question about our office not responding or not having the answers, you are quite right. If I had all the answers we would not have public hearings. We have public hearings so that people like yourself can come before this committee and help us with this legislation. I thank you for the efforts you have made today. I do not have any questions because I understand why you are here.

Mr Klopp: This is a point of clarification. You mentioned something about other sports they would not allow, or would stop or ban or make you wear helmets for. I

understand that in the junior hockey leagues, or whatever, when it started, they could not go out and play tykes unless they wore helmets. So there are rules already. I think organizations do that for head injuries.

Mr Fitzgerald: That is true in many cases, but those are rules of the organization, the league or whatever. It is not legislation.

1700

Mr Klopp: Maybe that is a way we can somehow do this. It is a point we can think about.

Mr Fitzgerald: I hope so.

Mr Klopp: The point is there has to be some kind of enforcement because maybe you need that to protect even the innocent. Nobody likes to tell people what to do, but you sometimes have to protect people from themselves. It always seems a bit too late when it happens to you, and then you want to try to make improvements. A lot of us are trying to think ahead for the next group. I think that is what we are trying to do. I appreciate your comments, but I think that is where we are coming from.

Mr Lessard: You were talking about children under 12 and the difficulties with enforcement with that age group. Before you made your presentation we heard from the Ontario Medical Association. They talked about acceptance of risk. That is something we hear a lot when we are listening to presentations to this committee. There are some people, mainly children, who are exposing themselves to risk without the full knowledge of the consequences of their behaviour. For consenting adults, if I can use that term, if they think they are fully aware of and are willing to accept that risk, I might accept your argument, but what about for children? They do not have all the information to make that decision. Why should we not require them to wear helmets?

Mr Fitzgerald: I thought I covered it. I do not believe a person should have the privilege of using the road until he can demonstrate he can do so responsibly, so I think training should be mandatory as such.

Mr Lessard: You would say you might have to have a licence or something like that if you wanted to ride on the road.

Mr Fitzgerald: I would not be averse to that as long as the licence fee was reasonable and did not turn into a tax grab.

Mr Lessard: Would you not think that would discourage the use of bicycles?

Mr Fitzgerald: It could even be free.

Mr McGuinty: Mr Fitzgerald, you made reference to the potential of this legislation, if this bill was to become law, discriminating against the Sikhs. Were you contacted by Sikhs in this regard?

Mr Fitzgerald: No, but I have talked to one Sikh individual who expressed some concern about this.

Mr McGuinty: I am going to ask you something here the answer to which you are probably not certain of, but you can try in any event, or tell me if you can answer it.

Can they wear a helmet on top of a turban? Is that permissible?

Mr Fitzgerald: I understand it is quite difficult to find one that would fit. I do not claim to be a spokesman for the Sikh community. Actually I hope somebody will come and speak to you specifically on the situation. It is my understanding it is a problem of finding one that will fit.

The Chair: Mr Fitzgerald, if you want to wrap up or respond to something, go ahead.

Mr Fitzgerald: I would like to leave you with one final thought. Our taxation system generally is discriminatory in the way you put a tax on something you do not want people to buy, like cigarettes and alcohol. Yet safety equipment is fully taxable as well. It is something for you to think about.

The Chair: Good point. For a lifetime I have thought the taxation system was discriminating against me, but I suppose each one of us feels that way.

Mr Fitzgerald: We share that view.

The Chair: I want to tell you we have been impressed by the number of individuals who have come forward and expressed opinions with regard to this legislation, some pro, some con, all of the comments interesting, all of the comments useful to us. We appreciate you coming. Have a safe trip back. If you are leaving Toronto now, godspeed.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair: Perhaps the Registered Nurses' Association of Ontario would come up to the microphones, tell us who you are and then proceed with your comments. We have half an hour, and if you will, please leave us time, perhaps 15 minutes or more, for questions and dialogue.

Ms Miller: Thank you for seeing us this afternoon. My name is Coleen Miller. I am here with two of my colleagues from the Pediatric Nurses' Interest Group, which is the subgroup of the Registered Nurses' Association of Ontario: Shirley Avery, who is the chairperson of the interest group; and Kathy Martin, the recruitment and membership co-ordinator. I am the trauma liaison for this particular group, as I am the trauma clinical nurse specialist at the Hospital for Sick Children.

I believe there is a mistake on your agenda for this afternoon. Rather than the Hospital for Sick Children, we would like to say we are representing the RNAO. I would like to start by telling you a little bit about our organization and then go on to the position we hold around Bill 124 and the proposed amendments.

The Pediatric Nurses' Interest Group or, as you may hear it referred to, PedNIG, is an interest group of the Registered Nurses' Association of Ontario, as I mentioned. It was established in 1987 and currently represents more than 350 members throughout Ontario. We think it is an important point to make that we are not specifically representing Toronto, but see this as a provincial issue.

Members of the Pediatric Nurses' Interest Group consist of registered nurses and nursing students from a variety of clinical settings. Our areas of expertise include community health as well as acute and long-term care. Our mandate is to look at paediatric clients and their families within

their environment. I make the point that we come from a variety of backgrounds because we have the experience of seeing trauma children and families from the immediate trauma room all the way through to the long-term care they receive in the community.

PedNIG has therefore taken an active role both in providing education related to bicycle helmet use and in lobbying for support of this proposed amendment. We have done that through a letter-writing campaign. We are also members of the bicycle helmet coalition through the Hospital for Sick Children and the Kiwanis injury prevention program. I believe you will hear more from them next week or later this week.

Having said that, I feel I can make my point now in about 30 seconds. My point is that we very strongly support the proposed changes in Bill 124. Clearly, bicycle helmets are an effective and inexpensive approach to preventing head injuries. That is the bottom line: Bicycle helmets save lives. It seems it would just be incredibly irresponsible to disregard these facts and not promote injury prevention throughout the province.

We would also support that there is a need for ongoing education around bicycle safety in general. This, however, does not prevent accidents, as I think the committee seems to be aware and has addressed. It is those accidents we aim to avoid.

I would like to give you a few statistics now as to why we support this proposed amendment, although I think a lot of these will probably be repetitive from information you have heard from other sources.

Fewer than 5% of children wear bicycle helmets. That is an alarmingly low statistic. However, interestingly, significantly more children wear a helmet when riding with an adult who is also wearing a helmet. Therefore, children look up to their adult role models. I raise this point for two reasons. First, it is an extremely low statistic. That statistic was gained from Toronto data collected in a study done in the summer of 1990. With an intensive education campaign, that number was increased to roughly 14% to 16%. However, it is still considerably low. I also raise the point because I believe the changes to the Highway Traffic Act should include all individuals, not just children under the age of 16, because of the role-modelling factor. As the Ontario Medical Association pointed out very nicely, it certainly is a deterrent or an indication of childhood versus adulthood if the legislation is stopped at age 16.

The second point I would like to make is that the long-term costs of caring for a child with a serious head injury are immeasurable for both the health care system and the child and family. Again, I think both these issues have been addressed, but as the health care system is once again at the forefront in the media, it seems to make sense that our money should be directed more towards the promotion of health and prevention of injury, rather than the incalculable costs of caring for a child who has sustained a head injury.

The psychosocial impact from a traumatic experience is devastating for the child's family, and I think that was also addressed by the Ontario Medical Association. Certainly as a nurse in this province and as a trauma clinical specialist,

I deal with families waiting outside the trauma room to see their child. I am not sure you can appreciate the emotion and the anxiety and the fear they are experiencing at that moment unless you are sitting there with them, going through the issues they are going through.

At the same time, their child is in a trauma room, which is a room that consists of very high-tech, very expensive medical equipment. It is a very scary environment. They are strapped to a board. Their necks are restrained. They cannot move, they cannot look around. There are roughly six to eight people poking and prodding them—truly a very scary experience. It would be nice if that child could get up and walk away from the trauma room to the comfort of his or her parents.

1710

The third point I would like to make is that injuries are the leading cause of death in children aged 5 to 14 years; and in 85% to 95% of bicycle-related injuries, head and neck injuries are considered most severe. I think that addresses a point that was raised earlier, that we do not really know: Is it primarily head injuries that are the problem or are there other injuries related to bicycle trauma that are also severe? Certainly there are, but the morbidity and mortality is most severe with head injuries. Approximately 15 children a year die from head injuries caused by a cycling accident, and this is very frustrating for health care providers, because often these are head traumas that could be avoided.

Finally, just like everyone else, I would like to quote the New England study by just reiterating that the bottom line is that bike helmets are effective in reducing injuries by 85%. We know that, and it just does not make any sense to ignore that.

On the more up side of this issue, I am also very pleased to be able to tell you that as a provincial organization we have been very active in providing education and support for education in the communities we are involved with. Educational activities have been occurring throughout the province at public schools, and this ties in very nicely with the department of public health's mandate for health promotion and injury prevention. I think that is an important point that is of value that the province has taken on and I believe this amendment sits nicely with that.

We have also been involved with bicycle fairs and rodeos, which have been held in conjunction with the police, so I am very pleased to say that education has been very active. It is certainly an objective we have as an organization and one of our mandates. If the legislation were passed, I think we could very safely say we would be there to support any efforts in terms of ongoing education regarding the introduction of this new law in the province.

There are lots of issues that come up around this particular proposed amendment. They include the cost of bicycle helmets, the availability and the enforcement. I think I will just touch on those issues, in that I think the overriding point to be made is that the issue is, should we or should we not be wearing and using bicycle helmets, and the answer is yes. These other aspects are things that need to be considered and may need very creative approaches. However, the issue still remains that bicycle helmets save lives

and therefore we should be using them and education is not encouraging the use of helmets to the level it should be. I think I will stop there and see if there are any questions on those issues.

The Chair: Are there any comments by any of your other panellists?

Ms Avery: No, our colleague has said it all, and we are here to answer some questions if you have any for us.

The Chair: I am sure there are.

Mr Lessard: I just want to run by you the same issue I brought up with the Ontario Medical Association. Earlier today we heard a presentation from the Windsor Cycling Committee and there were some reservations expressed, and the speaker before you expressed his lack of support, really, for this legislation. They both brought up problems with enforcement and the problems of dealing with younger people; the cost, which is something you addressed as well; the fact that maybe by doing this it might actually discourage people from riding their bicycles when something we would like to do is to encourage people to ride.

I know you have been involved in trying to educate children and others as to the benefits of wearing a helmet when they are riding, and I want to commend you for that and I hope you keep it up, but do you think the public in general is really prepared to accept that, given those reservations, or do you think this might be something where perhaps we could pass this legislation but delay its implementation for some period of time to encourage acceptance? Do you think that is something we should do, or should we just pass this law tomorrow and say, "Okay, everybody wear a helmet"?

Ms Miller: I think it is probably quite realistic to say there needs to be some sort of time line for implementation, from the perspective of availability of helmets to meet the needs of the province and the education required. I would say that no, all of a sudden tomorrow we should not start snatching bicycles and enforcing right away without the needed education.

However, some of the comments I have heard, that it may deter cyclists, I find maybe a bit shortsighted. There seem to be the same number of people driving cars.

Interjection.

Ms Miller: Okay. I think it is just a change in attitude. I also grew up not wearing a helmet and not having a seatbelt, but I would not go two feet on my bicycle without a helmet now. That is really just a change of attitude and something I have become used to, and yes, it messes up my hair, but I would have to say that if someone is really opposed to wearing a helmet, then they really should not be cycling. I am an avid cyclist and I love the sport and I would not want to suggest that to anyone, but I really think that would be the bottom line, that they are best not on the road for safety's sake—for their own safety.

Mr Lessard: You mentioned the campaign or the support you have been providing with respect to this issue. Is that something you undertake province-wide? I am from Windsor myself and I do not know whether your group has been involved in any programs in my area.

Ms Avery: I can speak to that. I must say that the recent lobbying efforts have just recently been picked up by our group over the last year. Our activities have probably been in selective pockets across the province, but our stand is certainly provincial and it has been supported by our members across the province.

You have noticed that our membership is currently at about the 350 mark, which has meant a steep growth over the last couple of years, but it really is not that high a percentage of nurses across the province, and we still have some growth in relation to paediatric nursing population, so we have yet to move out into a variety of areas across the province.

Mr Lessard: I am sure Mr Buckner and the rest of the Windsor Bicycling Committee look forward to your undertaking your activities in the city of Windsor.

Ms Avery: And we are moving down to Niagara. Our annual meeting is next April, so we will be heading in that direction as well.

1720

The Chair: Mr McGuinty.

Mr McGuinty: You have answered all my questions.

Mr Cleary: Thank you for your presentation. I take it that you support helmets for all age groups?

Ms Avery: Yes.

Mr Cleary: Right down to the three-wheelers?

Ms Miller: As you are well aware, Mr Cleary, there are no standards currently in place for bicycle helmets for children under the age of five. My understanding is that those standards are being developed and helmets are being looked at. Until those standards are in place, I would not support the use by children under that age group.

Mrs Cunningham: I would like to thank you, as I have some of the other groups, but especially the RNAO, for a lot of work you do in this province. We all know how busy you are, but for this piece of legislation it has really been great to know you were coming and we were looking forward to what you might say, and you have not disappointed us. I think it is great that you have 350 members. I did not realize the group had that many. That means you can spread the good word. We will get this one done, and then there are so many other areas I know you are interested in.

Ms Avery: You do have to be clear that the membership is paediatric nurses. We are an interest group of the RNAO, but indeed the RNAO has many more members than the 350.

Mrs Cunningham: No, I meant the paediatric nurses.

Ms Avery: That is fine.

Mrs Cunningham: There are so many things I know your group is interested in and we value your good advice. Bringing it to this committee is exactly what we were looking for and we were not certain what people would say. Obviously I am personally pleased.

I wondered, in your work, as you deal with families and children—one of the great concerns we have heard from a couple of the parents who have come before the

committee is the lack of opportunity for rehabilitation services within their own communities. I know we are talking about something here because we want to save costs, certainly improve quality of lives, but is that what you experience within your own group with regard to the head injuries you witness?

Ms Miller: I think that is an excellent point, and perhaps we could get into a big discussion about allocations of funds in that area and long-term care reform, but I will hold back from that right now.

Certainly many of the families of head-injured children say they have very limited supports available in the community. We are currently looking at developing a support group for patients and families who have experienced a traumatic injury, not just a head injury but any sort of traumatic injury. I think that is an excellent point, that resources are very limited and families are often finding themselves alone coping with their child, who now has a permanent disability.

Mrs Cunningham: It just adds to the real reasons for prevention, does it not—

Ms Miller: Absolutely.

Mrs Cunningham:—having your child with you during a very long rehabilitation process? I would like to thank you for answering our questions today and especially for coming before our committee. You have been most helpful.

Ms Miller: I would also like to say thank you for introducing the bill. We have been very excited, at least at the Hospital for Sick Children, and we are very pleased to see it come back again, so thank you for doing that. I would also like to offer for any of our non-supporters a quick tour of the trauma room at the Hospital for Sick Children and perhaps we can change their minds.

The Chair: One moment. Mr Lessard had more to say.

Mr Lessard: I just have one further point, because when I asked the medical association the question about younger children, they disagreed with your position about children under five. I wondered whether you were aware of that and whether you had any further comments. They felt that notwithstanding the fact there were no standards, they still encouraged children under five to wear helmets.

Ms Miller: Oh, I would still encourage children under five to wear helmets. I think my position was that I think their cycling should be very guarded. I would not recommend anyone cycle without a helmet, but because there are not approved helmets for that age group and because of differences in growth and development of that age group, I have to question the overall safety of them cycling.

Mr Lessard: What about them sitting on the back of a bicycle in a child seat at that age?

Ms Martin: Absolutely, they should be wearing a helmet.

The Chair: On behalf of the committee I say thank you. If you have occasion to report back to your membership, tell them that the committee was appreciative, grateful and very pleased with your participation in the

discussion of these issues. We thank you for taking the time to come up the road and we sincerely appreciate your valuable contribution. Take care, people.

NEIL FARROW

The Chair: Mr Farrow has prepared written material which has been distributed.

Mr Farrow: My name is Neil Farrow. I live and work here in Toronto, and before I moved to Toronto six years ago I worked as a clinical physicist in northern England's largest cancer hospital. Currently I am just about to complete my doctorate in medical biophysics here at the University of Toronto, so I have some experience in the fields of high technology medicine. I ride a bicycle to work every day and use it for all the trips I make in the city. I do own a bicycle helmet, but I wear it only rarely. I only wear it when I feel that I need to wear it. I also have a car.

I attended these committee meetings on November 25, and as a result of hearing some of the discussions that took place I sought the opportunity to speak directly to the committee. Consequently, many of the things I have to say will be addressed at answering some of the concerns expressed by members of the committee on that day. Some of these concerns have already been addressed by Mr Buckner, but I feel they are worth repeating. I will deal mainly with adult cycling, although I feel that the major enforcement problems lie with respect to child riders.

First, I would like to question the notion expressed to this committee, and by members of the medical community dealing with this problem, that cycling is a recreational activity. In many cases this might be so. However, I believe that regular adult city cyclists have chosen to do so for a number of reasons: the low environmental impact, the time and cost savings, because cycling may be part of their cultural heritage, and also for the consequent health benefits. Bicycles become their means of transportation. Treating cycling primarily as a recreational activity I feel to be inappropriate.

Second, I would like to address the issue of cost. While it was acknowledged that helmet prices might be as high as \$150, the figure of \$30 was also quoted regularly on November 25. I examined the cost of buying a helmet in the city and have attached the results, which are in appendix 1. As you will see, the average price for a helmet conforming to both ANSI and Snell standards is \$78.30 before tax. The price for a children's helmet was \$50 before tax. I believe this cost is a significant burden for many people who have chosen to cycle primarily for the economic benefits, and also for low-income households. With respect to children's helmets, I wonder if this cost will be repeatedly incurred as the child grows, but more as a result of the abuse the helmet would suffer through play and carelessness.

The committee has been presented with a large amount of statistical data from well-organized special interest groups to illustrate the magnitude of the problem. I believe the data you are hearing would be more useful if some context were given to the numbers. In 1988, the number of people below the age of 19 who were killed in bicycle accidents was 48. The total number killed in motor traffic accidents in the same year was 848. Those are the numbers

in Canada. For the population as a whole, the number killed on bicycles was 87, whereas the number killed in motor traffic accidents was 4,210.

Concern was also expressed by the panel on November 25 that the increasing average price of bicycles is leading to faster and more dangerous machines. This I believe to be equivalent to arguing that car owners who purchase Volvos are purchasing them to go faster. The real reason in both cases is that they wish to obtain a better-engineered and often safer vehicle. I believe that the increasing cost is a reflection on the commitment of many cyclists to approach this method of transportation seriously.

I believe this law will discourage in the general population the environmentally desirable pursuit of cycling. It is not easy to cycle in a city such as Toronto. For instance, I have to carry around five pounds of locks just to secure my bicycle. For many of the more casual summer cyclists who might consider riding occasionally, lack of a helmet and their unwillingness to break the law may be what will prevent them from cycling at all.

1730

The necessity for a law to govern helmet use must also be questioned. The much-quoted Seattle bicycle helmet campaign was claimed to have been successful through the use of helmet discount programs and education programs. The usefulness of education programs may also go beyond the facts about helmet use. It is the case that 60% of children's bicycle accidents occur as a result of carelessness or poor bicycle control, factors which could also be usefully addressed within the same education programs in schools.

While it is true that the majority of accidents occurred on paved services, I found no numbers indicating how many actually occurred on a highway. It has been found, however, that 80% of injuries occur within one kilometre of the child's home. This bill is presented as a change to the Highway Traffic Act. As such, how will it affect children riding on the driveways of their homes, around their apartment buildings or in parks?

With respect to the general cycling population, it has been shown that cycle tracks can reduce the incidence of accidents by 33%. Surely, a more progressive measure would consider such facts and adopt accident prevention measures, rather than accepting that accidents occur and trying to lessen their severity.

I believe this bill will be extremely difficult to enforce, especially with respect to children. There are a number of practical problems inherent in enforcing a law of this sort, among these, whom to charge in the case of child offenders, and the necessity that a police officer should know what constitutes an acceptable helmet and be able to ascertain the effectiveness of a used helmet that may once have conformed to the acceptable standard. If the law is not enforced because of these problems, or is enforced at the discretion of the police officer, then I believe it will become a very discriminatory law. A law that is not enforced is obviously a bad law. It also brings the whole process of law, and particularly the Highway Traffic Act, into disrepute within the community.

While the introduction of mandatory helmet wearing will undoubtedly increase the percentage of riders with helmets, I do not believe this can be used to justify the measure. Despite the media stereotype of the law-breaking cyclist, I believe the majority of cyclists do not want to break the law. I find it hard to believe, if this bill is passed, that by riding my bicycle I will be breaking the law. I believe I am the most capable of deciding whether or not I should wear a helmet, and that parents should take the responsibility for their children's safety.

Thank you for allowing me to present this to you.

Mr McGuinty: Mr Farrow, I guess I am going to put forward the same question I put regularly here to witnesses. I can understand your position very well, but what about the right of society to minimize the costs of health care? Again, this is a balancing act: the balancing of your right not to wear a helmet, and society's right, the taxpayers' rights, to minimize the costs of health care services. Which right should be paramount?

Mr Farrow: Obviously you have to strike a balance. In this case, I believe the balance should be struck in that once you have educated people they should be able to make up their own minds. I think the parallel with the seatbelt law is somewhat misplaced. I believe society should be encouraging cycling as an environmentally friendly pursuit, and that is certainly not the case with driving. And because cycling is on a knife edge as to whether it will become acceptable within society and is going to be taken seriously as a means of transportation, I think this bill is going to marginalize cyclists even further, and in that way it will discourage cycling.

As to individual rights, I believe the best thing to do is to be educated, to present people with the facts, especially adults who are capable of making these distinctions. Obviously that is not the case with children. But if adults are capable of making the distinctions, once they have the facts it is up to them to decide whether or not they want to wear a helmet.

With respect to the cost, I think a lot of the statistics we have been hearing about, \$4.5 million to keep somebody in care after an accident, those numbers all sound reasonably terrifying, but I do not know personally how that is broken down as to the Ontario health care budget as a whole. I would imagine smoking and other things like obesity are also very high risk factors that are causing the health care budget to be as high as it is, but nobody is advocating the abolition of cigarette smoking.

Mr McGuinty: Earlier today, Dr Boadway said the law can serve a useful purpose in dealing with that segment of any given population which he called swayable. One of the best ways to bring people around to a certain point of view—I do not want to misquote him here—is essentially to pass a law, and then you sway that group who might not otherwise have been swayed. In other words, society is saying, "Look, this is in your best interests and that is why we're doing it."

Mr Farrow: I am more of the opinion that you should provide people with education and they should then be able to make up their own minds. The argument that you

pass a law and then everybody is going to say, "Okay, that's the law now, so it must be good for me; I'm going to do that," is underestimating the population and its ability to make its own decisions.

Mrs Cunningham: Thank you for appearing before the committee and for the work you have done since you were here a week ago. We appreciate the fact that you went to Spinning Wheels. I too went to Spinning Wheels a long time ago to get a bike repaired, and at that time they did not have any helmets. It was a little while ago, I think. Two other witnesses have come before the committee and said that the cost in the stores is very expensive, not unlike what you have told us.

In response to that, one of our witnesses—I am trying to remember the person's name; the standards commission person—advised us that some of these helmets that are selling for \$79 could be purchased in bulk for \$30 and \$35. He actually gave us the cost of manufacturing different helmets and what they could be purchased for in bulk. We feel we have a better handle, at least, on the cost, and we certainly plan to pass this legislation and allow a phasing-in over a fairly long period of time. That is something the committee has put on record as wanting to discuss. If you could respond to that, we would appreciate hearing from you on it.

With regard to the number of people killed and the point you were making there, it was brought to my attention that there are fewer people killed in these kinds of accidents and many more people survive due to modern medical practices, which I am sure you are very much aware of, given your own work. That was a question I asked with regard to this minor statistical change between 1986 and 1988, 63 deaths down to 48 deaths on bicycles. The statistics are not the same for car accidents, I am told, but there have been tremendous gains in treating head injuries in hospital. Basically, we are looking at survivors as being particularly expensive and having a change in the quality of life.

With regard to the paved surface, I also asked that question and was told by the expert who came before the committee that it was somewhat irrelevant since the law in Ontario covers almost every roadway you can imagine under the Highway Traffic Act. We can share that with you if you want it. I will not take the time now, but it is quite extensive in its description of "highway" in the act itself, which you can have before you leave.

I appreciate the work you have done here. I expect you are going to say that the environmental aspect is your main point and that you are very much concerned about people who may not ride bicycles because of this legislation. We are not sure. I have no idea whether this will be a deterrent.

In Victoria, British Columbia it became the thing in five schools, where they sold helmets with ninja turtles on them. In the last two years the sales of both bicycles and helmets have risen significantly because there was a tremendous television program there. I was interested to find that out in my travels this summer.

I have no idea whether this legislation will be a deterrent. Coming from a family of cyclists and as an environmentalist, I can only tell you I hope that would not be true.

1740

Mr Farrow: If I might address the question of bringing helmet prices down, especially for children. The Seattle study talks about the nerd factor—that children do not want to be seen as a nerd. I could see a similar situation arising with respect to helmets as arises with, say, children's running shoes now, where they have become exorbitantly expensive. They are a status symbol. I do not know how you would address that if it became the thing to have a \$150 helmet, just as in many schools, I would imagine, it has become the thing to have a \$1,000 bike.

Mrs Cunningham: The most popular helmet in Ontario, we are told, is the one distributed by the OMA, which is under \$30. It just happens to be what we got from the home and school associations when we asked them. Who knows whether that is statistically correct, but certainly it is the feeling of the parents.

I should also tell you that the research for the New England Journal of Medicine article that is being quoted went on for some time before 1989 and attitudinally since 1987. Two of the groups that have talked to us have told us there has been certainly a more positive attitude on behalf of children, just due to the promotional activities in Ontario of home and school associations and what not. I did read in the New England Journal of Medicine the attitudinal stuff about being nerds. But in Victoria, British Columbia, I can assure you, it is really in to have braces and bike helmets.

Mr Farrow: Could I maybe ask you a question about statistics? I think Morris's study says that bicycle accidents are the highest cause of death in the summer months. Have you any idea what—

Mrs Cunningham: I was quoting from that earlier. Did you hear me do that?

Mr Farrow: Yes.

Mrs Cunningham: He was actually talking about American statistics. There is a bibliography at the back with references. I think there are three references for that statement.

Mr Farrow: For the study done in Ontario, I think Morris is saying that bicycle accidents are the highest cause of injury in the summer months. I was just interested that they would not compare them with the winter months. Presumably they do not look as terrifying when you bring in the winter months and the skating injuries.

Mrs Cunningham: It depends on where one would do the American studies. As somebody who has grown up in Ontario, in Toronto and London, Ontario, I put two things away in about November and December. I put away my bicycle and I put away my jogging shoes. You have been here for six or seven years.

Mr Farrow: I ride throughout the year.

Mrs Cunningham: Yes, so does my husband. I do not feel as confident.

Mr Lessard: Mr Farrow, I want to thank you very much for appearing before the committee today. The thing I probably found most intriguing about your presentation was that you only wear your helmet when you feel you

need to. I am most interested in knowing when those times are that you feel you need to wear a helmet.

Mr Farrow: Last Tuesday morning was the last time I wore it, up to the ice storm I experienced riding home from this committee meeting. I felt the road conditions were sufficiently poor that there would be danger. I know the road I ride down very well and I know there is likely to be an ice patch down the side of it. So I assess those conditions.

Mr Lessard: Yes, sometimes it is a risky activity you are undertaking when you are riding. I guess it is kind of like Russian roulette. If you only wear it once in a while, you never know when you are going to run into that dangerous condition.

Mr Farrow: I do not accept that. I do not think it is like Russian roulette. It is not just pure chance. I am taking my intelligence to the situation. I say, "It is snowing outside, I am at a greater risk today." I also wore my helmet extensively during the TTC strike, because I believed there was a greater risk to me at that time.

Mr Lessard: You also said that treating cycling as primarily a recreational activity is inappropriate. You focus on the bicycle as a means of transportation. I want to tell you that I agree with that. I think that, too often, people treat it as a recreational activity. I know that was always a problem for me in the city of Windsor, trying to get people in municipal government to accept that this is a viable form of transportation.

But would you not think that if cyclists were required to wear helmets, it would give them more credibility to other users on the road? I mean, it would indicate to other people and also to cyclists themselves that this is something to be taken seriously. They are taking a serious approach to it by wearing a helmet and being responsible.

Mr Farrow: Yes, there is certainly something to that argument. But I believe that, in a way, cycling is more akin to walking than it might be to driving a car. In certain cultures, cycling is a very natural thing to be doing. As for having to go through this rigmarole of justifying to everybody else that I am serious by wearing a helmet, why can they not accept me as being serious just by riding my bicycle?

Mr Lessard: You are right. That is what I think, too. But there are a lot of different perceptions out there. It is difficult to convince a lot of people that cyclists are serious about what they do. I want to thank you very much for appearing here today.

Mrs Cunningham: Can I just add something? There were a couple of other things I wanted to address. You have heard me talk about the Howard county, Maryland, bicycle helmet legislation. I think the act as they have it there is a very gentle one when it comes to the juveniles. One of your questions, I think, was the practical problems inherent in enforcing a law, and especially in the case of child offenders. I would like you to take a copy of the Howard county legislation with you. If you have any views on it, let us know. I would really appreciate your input. You might think that it does not make any sense at all, or you might think they have come up with some

pretty good ideas. I thought it was probably the best one that I read.

Another point was with regard to an acceptable helmet. I just assumed, and maybe there is somebody who can help us here, that the police officer would take a look at the helmet itself and see if the label was inside it. That was my view, that we would have to come up with something in Ontario. As you are a cyclist, you may be able to help us on that one. I do not know whether we should have them stamped or something so that the mark will always stay there, even in spite of constant wearing.

Those were just two things I thought you raised that had not been asked by my colleagues and that we could perhaps use your further advice on, things you can help us with.

Mr Farrow: I can tell you that on my helmet, the ANSI standard on the back is just a simple sticker that would be reasonably easy to remove.

Mrs Cunningham: I was just wondering if anybody knew whether we should be putting a stamp right in the helmet, something that cannot be removed. I do not know that.

Mr Farrow: I think it would require the manufacturer to do that. I do not know, but maybe some helmets have it. I only have one helmet, so I only know that helmet.

Mrs Cunningham: Another point you made that nobody addressed, and I was hoping they would, was with regard to safety on the roads and the streets. You talked about a double track. I was first elected in London in 1973 and sat on the planning committee. I cannot tell you how impatient I became with my elected colleagues after some 10 or 12 years. It was a long time before we even had the gentle, sloping curb so that we could have people downtown with wheelchairs. Although they have begun bike paths, which we think of as cycling routes, in many places in London—you can go to the university with a bicycle—it has taken us some 14 years to increase the miles of bike paths. It has been a really long go at it.

But I wanted to assure you that I have not given up on that. This is now in conjunction with the public education we have been trying for. I just keep hoping it is going to happen in my lifetime, if you know what I mean. After witnessing the kinds of things you witness when you are an interested person—

Mr Lessard: You are still young, Dianne.

Mrs Cunningham: Thanks a lot. I do not feel so young today. I have to say that this fellow must really be in great shape and feel very confident with his cycling, because in winter I really do give up those two things. My own kids do not. I just do not ride my bicycle in the winter any more, except on Sundays and the odd time if it is nice weather. But I will tell you I do not run in the snow and what not, because I do not find the places to run, especially in the city. Walk fast, yes.

Mr Huget: Move to Windsor; we do not have snow.

Mrs Cunningham: I do not know if we have done anything with Mr Buckner today at all, but I think he has to agree that we are making a real effort here and that we really are looking for solutions to your concern with regard to the legislation, both of you. It has not been an easy thing for me to do, because I have been in your position 14 years ago and again seven years ago. Here I am—someone has changed my mind.

The Chair: If you want to respond, Mr Farrow, you will have the final word.

Mr Farrow: Okay, the final word is, I do not believe legislation is the way to go.

The Chair: Mr Farrow, on behalf of the committee, thank you for coming for the second time. We appreciate the input of individuals like yourself who come forward with a significant amount of work and research.

Keep in touch. Mrs Cunningham and the rest of the committee would be pleased to hear from you as this progresses. Take care.

That is it until Wednesday at 3:30 pm.

The committee adjourned at 1752.

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Le mercredi 4 décembre 1991

Standing committee on resources development

Highway Traffic
Amendment Act, 1991

Comité permanent du développement des ressources

Loi de 1991 modifiant
le Code de la route



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday 4 December 1991

The committee met at 1608 in committee room 1.

HIGHWAY TRAFFIC AMENDMENT ACT, 1991

LOI DE 1991 MODIFIANT LE CODE DE LA ROUTE

Resuming consideration of Bill 124, An Act to amend the Highway Traffic Act / Projet de loi 124, Loi portant modification du Code de la route.

The Chair: It is 4:08 pm. My apologies to people who have had to wait. We were not able to start promptly at 4, as we should have, because not all caucuses were represented.

ONTARIO CYCLING ASSOCIATION

The Chair: The first group making submissions is the Ontario Cycling Association. Welcome. Identify yourselves by name and whatever titles you might have in your organization. Proceed with your comments. Try to keep them to around 10 minutes, if you can, so we have a good chunk of time to ask questions and engage in dialogue.

Mr Keba: I am Shawn Keba, the program co-ordinator for recreation and transportation of Ontario Cycling Association.

Mr Maisonneuve: My name is Jean-Pierre Maisonneuve. I am the chairperson of the advocacy committee of the Ontario Cycling Association. I am also an executive member of the recreation and transportation commission of the Canadian Cycling Association.

Mr Keba: We are very thankful today to have this opportunity to voice the Ontario Cycling Association's concerns regarding Bill 124. The OCA is the governing body for cycling in Ontario. It is a volunteer-run organization affiliated with the Canadian Cycling Association in Ottawa. The OCA's mandate is to develop and promote all forms of cycling in Ontario. For further information on our programs and activities, please refer to our annual handbook.

The issue of bicycle helmets and whether they should be mandatory has been studied on and off by the OCA for the last number of years. When Bill 124 was first introduced a subcommittee studied the issue once again. The OCA supports helmet use and the goals aimed at by Bill 124 but feels the bill will fall so much short of these goals that we must oppose its passing. The issues of safety, injury reduction and risk management are not adequately addressed by this bill, nor have they been discussed in depth by the House. The OCA urges the standing committee to very carefully consider the following issues.

Mr Maisonneuve: There are numerous issues. We will not go into an extensive description but will give you at least an idea of some of them.

First, there is a lack of rational debate concerning helmet usage. In practically all instances where mandatory helmet

legislation is being debated, it was caused by either a recent rash of cycling accidents, particularly involving fatalities, and/or the proponents of the legislation have been closely connected with the victims. Because of this public arousal and/or personal trauma, it is often impossible to have rational debate.

A most illustrative example occurred recently in Howard county, Maryland, where three deaths occurred in separate incidents. The public outcry got the debate going—"Make helmets mandatory." Never mind that in two of the cases the cyclists were riding the wrong way against oncoming traffic and would not have survived in a complete suit of armour.

This knee-jerk reaction, together with a lot of media coverage, is all too common and does not address the promotion of cycling safety or education. This suggests legislation by case history and passion, not based on thorough research of risk management with a full cost-benefit analysis.

Another issue is the low level of risk associated with cycling. All road users, whether motorists, cyclists or pedestrians, are constantly exposed to danger. Motorists often do not think about them, surrounded as they are by a steel box, yet thousands die or are seriously injured every year. While all attempts to reduce these numbers must be used, we should not pull things out of perspective when dealing with cycling accidents, even though they may seem dramatic.

The facts quoted earlier clearly show that cycling is not an unduly risky activity. Studies done in a number of places in the United States as well as here—eg, the University of Waterloo—amply back this up.

In the case of motorists, even when properly belted in, head injuries still do occur, yet no helmets are required. Society has said seatbelts are enough of a risk-reduction device. There is plenty of evidence that properly trained cyclists, as motorists are trained, even in the pre-helmet-wearing days, are not putting themselves at risk any more than motorists.

Another issue is the design of bicycle helmets. Bicycle helmets are not primarily designed to prevent deaths, merely to reduce the severity of the head injury. Quoting fatality figures is thus quite beside the point. In particular, the often-quoted figure that 75% of the deaths of cyclists are caused by head injury is problematic. Aside from the difficulty in establishing such a figure in the first place, even if it were true it would be a serious flaw in logic to conclude that if helmets were worn by everyone there would be 75% less deaths. Deaths will still occur with helmets.

Bicycle helmets do not prevent accidents. This a fact often overlooked by the proponents of a helmet law, yet it is tempting for parliamentarians to pass such a law. In all this, we have not prevented one single accident. In fact, there is good evidence from a study conducted by a gentleman named Gregory Rogers. Mr Rogers produced an article that was published in the Journal of Products Liability.

It found that increased helmet use was positively and significantly associated with an increase in the fatality rate of cyclists. That is quite odd, but yes, he found increased helmet use was positively and significantly associated with an increase in cycling fatality rates. The very thing we are trying to achieve is defeated.

People feel safe. They are wearing a helmet, so they may unknowingly expose themselves to greater danger. That is what we call the "lulling" effect. I have experienced that personally. Ever since I have worn a helmet, I have tended to go faster on the streets. It does not mean I do not obey the basic traffic regulations, but I tend to go faster, I tend to feel a little more secure. In certain respects this is an illusion, because this shell can crack. You can drop a helmet and it can crack.

Mr Keba: Another issue the Ontario Cycling Association is concerned with is enforcement of this bill. Enforcement of Bill 124 will not be easy. Currently, police officers are unable to enforce existing bicycle laws effectively. Also, because of the Criminal Code, there will be no way to enforce this law on children under the age of 12, arguably the group that should most be affected by this bill.

To ensure a reasonable rate of compliance, a huge education and enforcement campaign will have to be launched. The OCA believes that if a similar effort were put towards cycling skills training and general cycling education and awareness programs, the results would be more worth while. The current number of cycling infractions would be reduced and there would be many fewer accidents.

Another issue is the environmental concern. The government should be doing all it can to provide for and encourage less energy use. Cycling accomplishes this. Mandatory helmet usage will impede cycling use when the government should be doing all it can to promote cycling.

Another issue is the incorrect wearing of helmets. From OCA observations, it is conservatively estimated that at least 50% of all cyclists who now wear helmets do so incorrectly. Mandatory helmet usage will require a public education program. To date, such a program has not been thought about by the government.

The final issue I would like to talk about that the OCA is concerned with is the belief that helmet usage will help decrease health care costs. It is often argued that since health care is a public expense the public should have the power to regulate apparently dangerous activities. It has been ably demonstrated by the Danish Cycling Federation that the health benefits of cycling, even in non-helmeted Denmark, outweigh the risks by at least 12 to 1. A proper perspective must be used. The incident rate is not out of proportion with the number of participants who cycle.

Mr Maisonneuve: If I may share with members of the committee some views which have been expressed in other jurisdictions regarding mandatory wearing of helmets, one of the objectives of the Ontario Cycling Association is to promote the increased safe use of bicycles. Thus, we should encourage and support actions which increase bicycle use and make bicycling safer.

Encouraging the use of bicycling helmets promotes more and more safer cycling by showing people how to

easily prevent serious head injuries. Mandating or requiring the general public or certain segments of it to wear helmets has been regarded with scepticism by various cycling associations in North America and abroad.

According to the Bicycle Federation of America, the introduction of a policy making the use of helmets mandatory would have the following consequences in the United States: Many people would stop riding; many people would disregard the law; the law would not be widely enforced, and, last but not least, the message of the importance of wearing a bicycle helmet would get lost in the rhetoric about freedom of choice.

In Australia, cycling advocates who are less reluctant to have their governments impose requirements and constraints for their general welfare are not yet ready to ask for mandatory helmet use. They believe it is first necessary to make the general public aware of the need for helmets and to achieve a reasonably high level of voluntary use before requiring helmet use.

According to the United Kingdom organization Cycle Touring and Campaigning, the emphasis should be on training children and adults to ride safely. Dansk Cyklist Forbund, a Danish cycling advocacy group, considers that the compulsory use of cycling helmets could reduce the number of fatal accidents but could also lower the propensity to cycle in Denmark. Thus the negative effect on the health of the Danish population—increased coronary disease induced by physical inactivity—would override the positive effects gained by the use of cycling helmets.

1620

We would like to make some recommendations. Introducing compulsory helmet-wearing may seem attractive to members of the Legislative Assembly of Ontario because it enables them to do something decisive about cycling safety. Unfortunately helmet-wearing tends to be equated with bicycle safety. As with many proposed legislative approaches to social problems, effective implementation is the necessary and often missing component.

Generally, traffic laws are not being enforced on cyclists as they are on motorists. So can we expect the police to enforce a helmet law when they do not even ticket wrong-way riders or other important violations accomplished by cyclists?

The Ontario Cycling Association needs to reiterate to members of the Legislative Assembly of Ontario that safe cycling involves more than wearing a helmet. Cyclists need improved roads, better cyclist education and research. It is especially imperative that a comprehensive understanding of behaviours linked to helmet-wearing be developed before any legislation be enacted. As the lifesaving capacity of bicycle helmets is no more than an estimate—none of the several studies carried out in North America and Australia includes significant numbers of fatally injured cyclists—serious attention must be given to a scientific assessment of the various levels of risk associated with different cycling activities.

Such an endeavour is now under way in Quebec. The auto insurance board of Quebec, in co-operation with Velo-Québec, the cycling advocacy group there, has developed

an outstanding and comprehensive study which will be tabled next September at the international bicycle conference.

The Chair: Thank you. We have 10 minutes.

Mr Dadamo: Thank you for the book, by the way. Is this your annual book?

Mr Maisonneuve: Yes, it is produced with the assistance of the Ministry of Tourism and Recreation.

Mr Dadamo: Very good. I have gone through and noticed that there are several people from my riding who are presidents of associations. So that is very nice.

When I think of—and the cover seems to show it—these people whom you represent, who are part of your membership, are they in competition?

Mr Maisonneuve: Our constituency is fairly broad-based. We have on the competitive side people who do what we call road and track. We also have a fairly significant part of our constituency who are what we call mountain bikers, off-road riders. That is one segment. Other segments are what we call the tourers, people who travel by bicycle. We have several of these clubs in the province now. They are what we call randonneur clubs. They do 200, 300 and 400 kilometres on average per ride. The final segment of our constituency is what we call commuters or utilitarian cyclists, people like me who come to Queen's Park every day, who ride their bicycles 45 minutes, half an hour, whatever, basically to promote environmentally friendly transportation. These are the three constituencies of our association.

The Chair: I want to make sure of time for Mr Waters and Mr Klopp.

Mr Dadamo: Actually, I was not finished the question, but thank you for jumping in.

I am thinking they are going extremely fast.

Mr Maisonneuve: Some of them are going extremely fast. Some of them are pretty slow, like me.

Mr Dadamo: Okay. We think of speed. We think of going around the bend. Why would helmets not help these people?

Mr Maisonneuve: For these people, it is a tradition. It is kind of an unwritten law. There is sometimes a gentlemen's agreement among various cycling organizations. These people wear what we call soft shell. This is a hard shell, but racers wear what we call soft shell for aerodynamic purposes.

Mr Dadamo: Okay. That would be a person's agreement, by the way.

Mr Maisonneuve: Yes, yes. I am sorry. Yes, we have to be non-sexist.

Mr Waters: A couple of times during your presentation you talked about the people who died because of helmets. I am concerned about those people, but I am a lot more concerned about those who were unfortunate enough to live. We have had doctors and various other professionals here talking about the situation these people find themselves in for the rest of their lives. I am somewhat more concerned about that. I would like your feelings on those

who happen to be unfortunate enough to survive a bicycle accident where they have had a severe head injury.

Mr Keba: Our statistics state that of the 3.5 million cyclists who currently cycle in Ontario, over the last 10 years the average accident rate has only been 4,000 per year. That works out to less than one tenth of 1% of all bicycle users.

Mr Waters: Are you saying that because the rate is so low it really does not matter, they should not have to wear a helmet? If we save one life or stop one child from being brain-damaged for the rest of his or her life and only being a part of the person he could potentially be, then to me the helmet should be worth while. I have trouble understanding why you would say it is not.

Mr Maisonneuve: The point we are trying to put across is the following: The OCA believes in promoting as many devices as possible that can ensure safety, but we must not consider the helmet to be a cure-all. Helmets are fine if they are coupled with other measures such as making not only cyclists but motorists more aware of the relationship they have with each other on the road. Once we get a proper training program compulsory for all people who want to cycle—because basically the problem is that you can put anyone on the street now. He buys a bike; he is on the street; he does not need a licence. It is what we call a free-for-all situation.

If we provided every adult and every school child who rides a bike with the resources so they could take a Can Bike course, for instance—We have Can Bike I and Can Bike II, nationally sanctioned training programs, in order to make road users more aware about the requirements for a safe ride on the road. I think we have to see the whole issue of cycling safety as a comprehensive package. One of the elements is convincing people to get a helmet.

I just want to get into a practical aspect. I was talking not too long ago with two board members of the OCA who happen to be store owners. They own bike shops. These people were talking with people from Norco. Norco is one of the key distributors of bicycle parts, including helmets, in Canada. Their own opinion is that if legislation of that nature was introduced, it would take at least two years for the manufacturer just to be able to provide a substantial quantity of helmets so that we would be able to fulfil the obligations of such legislation. If we are talking about phasing in legislation, we have to talk about the practicalities.

Mr Klopp: Do off-road bikers wear helmets?

Mr Maisonneuve: Usually they do.

Mr Klopp: Why do they do that? There are no cars around.

Mr Maisonneuve: If you have ever ridden off-road you will see it is a very dicey type of environment. You never really know—

Mr Klopp: But these people are good drivers; they would not fall accidentally and hit their heads, would they?

Mr Maisonneuve: Listen, I have ridden off-road and I have—

Mr Klopp: Have you ever fallen off a bike accidentally? You are a good driver; have you ever fallen off accidentally?

Mr Maisonneuve: Yes, I have.

Mr Klopp: A lot different than a car, would you not suggest? In a car there is a little bit of frame around you, although we are supposed to wear seatbelts.

Mr Maisonneuve: Yes.

Mr Klopp: That is where I think I agree with you. We need more than just to pass a nice, neat little law that says "helmets," and we are all going to be better off; I think we need to do more education or whatever. But I think you must agree, though, that helmets are necessary off-road and maybe this is what we are trying to do here, promote—

Mr Maisonneuve: That is why I wear a helmet.

1630

The Chair: Mr Klopp, by the way, notwithstanding that impressive bit of cross-examination, to his credit is not a lawyer, but it was an effective bit. Do not hide your talents or your light under a bushel.

Mr Maisonneuve: I think we have to address other issues. If we are going to get into a compulsory or mandatory helmet program, we also have to think about introducing selective traffic enforcement programs directed at cyclists. We also have to legislate the standards for road construction and design to ensure that cyclists are included.

Mr Arnott: Thank you very much, gentlemen, for coming in this afternoon. I was reading through the mandate of your organization as suggested by the Ministry of Tourism and Recreation. It says that in return you get a bit of funding from them. How much funding do you get from them?

Mr Maisonneuve: We get most of our public funding from the Ministry of Tourism and Recreation.

Mr Arnott: Do you know the dollar figure?

Mr Keba: I do not have a dollar figure, but I think it is about 60-40.

Mr Arnott: So 60% of your funding.

Mr Maisonneuve: We hope the Ministry of Transportation will give us some money at one point.

Mr Arnott: How would you react to a request from the ministry to add a sixth mandate, to promote the interests of bicycle safety in Ontario?

Mr Maisonneuve: We do that implicitly. A lot of our members run, on a volunteer basis, workshops for service clubs and schools about bicycle safety. We do it more or less on an ad hoc basis and we try as much as possible to satisfy the needs, but the needs are immense.

There is a problem. With all due respect to the police force, sometimes it does not understand some of the specifics of cycling. That is why we see with great interest now the fact that more and more police forces are setting up bicycle patrols. That is a very good step.

Mr Arnott: Getting back to the mandate—

The Chair: Mr Arnott, I do not want you to have Mrs Cunningham angry with you.

Mr Arnott: One quick observation: Mandate 5, to increase participating of women in cycling, when was that included in your mandate? I do not know about the priorities. I would think safety should be a very important priority to promote.

Mr Maisonneuve: This stems from some national considerations. The OCA is part of a larger body, which is the Canadian Cycling Association. Because of the directives set forward by Sports Canada and Fitness Canada, which provide the funding for our national organization, one of the requirements when we have to apply for funding at the national level for projects is that we encourage women in sports. So at both the national and the provincial level we have a women's committee. We have a women's committee which is very active which tries to promote specific concerns of women both in sports and also in general transportation issues.

Mrs Cunningham: We chatted briefly before the meeting started and I would just like to say thank you to both of you for coming here today. You have given us some information with regard to concerns you have in your position as representing the Ontario Cycling Association. One of the reasons for these meetings is of course to get the best advice we can and in fact to see if Ontario is ready, so we are listening to everybody who comes before the committee.

I am just wondering how large your cycling association is and if you would describe who these other groups are. For instance, we have bicycling committees from Windsor, London, Toronto, Ottawa, etc. Some will be appearing; some have written us letters. Are they subgroups of your cycling association? How does it work?

Mr Maisonneuve: There are two levels of representation: the formal and the informal. On an informal basis, we can say that the OCA represents at least 3.5 million Ontarians who cycle at least occasionally. That is at the informal level. At the formal level we have 2,000 members but we also have a relationship with clubs. There are an awful lot of clubs. I think there are over 50 clubs in the province.

Mr Keba: There are 102.

Mr Maisonneuve: I am sorry, 102 clubs. They are basically racing clubs, but there are also advocacy groups. Under my trusteeship we have also been developing a network of cycling advocacy groups. A lot of cities now have advisory committees. Waterloo, Ottawa, Toronto, Peterborough, etc., all have these advisory groups. These groups also participate within our various committees, basically the advocacy, the recreation and transportation and the women's committees.

Mrs Cunningham: So you would have on a list somewhere at least the chairperson of these 102 clubs?

Mr Maisonneuve: Yes, we do. This is information in the public domain so we would be more than happy to provide you with that information.

Mrs Cunningham: That is fine. Then under each of these 102 clubs you may have, as you have described

yourselves, the chairperson of an advocacy committee or a safety committee.

Mr Maisonneuve: Exactly.

Mrs Cunningham: For every one of these 102 clubs you would have at least four or five officers who would be on a list, but maybe not all the members. Is that correct?

Mr Maisonneuve: Yes, but we have the list of the key contact persons for each and every one of these clubs.

Mrs Cunningham: In coming here today and representing all these clubs as the Ontario Cycling Association, I am assuming you probably sent a letter to them and asked them their opinion on this legislation.

Mr Maisonneuve: Yes, and not only that. Three weeks ago we had our annual general meeting in Ottawa. I chaired a special session and we dealt specifically with the bicycle legislation. We had a workshop on that, and during the plenary session we also had a full-fledged debate about it.

Mrs Cunningham: Of the 102 clubs, how many would have been represented, do you think, in Ottawa?

Mr Maisonneuve: I would say at least half the clubs were represented at our annual general meeting.

Mrs Cunningham: Did everybody get one vote or how did it work?

Mr Maisonneuve: Basically, in our organization we try to work by consensus. Obviously we compete against each other in races, so when we debate we try as much as possible to take a non-competitive and more conciliatory approach.

Mrs Cunningham: What about the 50 clubs that were not represented? Did they mail in a ballot or a response?

Mr Maisonneuve: No. We have different instances: We have the annual general meeting, which is one of the decision-making instances, we have the board meetings and we have the committee meetings, but we also have regional committees. We have I think six regions. These six regions meet on a quarterly basis, so the key representatives from the different organizations meet and discuss pressing issues. We have asked that for the coming regional meetings the key issue to be discussed at each and everyone of them be the legislation.

Mrs Cunningham: So right now you do not have all the input you would like to have from your membership.

Mr Maisonneuve: Exactly. But we do, as much as possible, try to provide the committee with the results of our consultation as they develop.

Mrs Cunningham: But you would have had more than 50 people at your meeting in Ottawa.

Mr Maisonneuve: Definitely.

Mrs Cunningham: How many did you have: 50? 60?

Mr Maisonneuve: We had more than 100.

Mrs Cunningham: Basically, you are representing the views in Ottawa here today; you have not had any mailings or anything.

Mr Maisonneuve: Yes.

Mrs Cunningham: I just wanted to get your mandate because we have others coming in giving us other points of

view and we clearly want to understand what is happening here.

Mr Maisonneuve: We did not come with that position out of a little meeting. We tried as much as possible to be democratic and try to solicit opinions.

Mrs Cunningham: It might be a good idea, if you have 2,000 members, to allow them to write back. I would be interested to know how many of the active cyclists in Ontario would care enough to let us know. You and I had a discussion about democracy and we want as much input as we can get.

Mr Maisonneuve: Our next newsletter is due to be published within a week or two. We have asked that all members, organizations and clubs write to the clerk of the standing committee on resources development to send in their opinions. We did a little bit of channelling at first, but in the second stage we have asked specifically that all cycling organizations and advocates send in directly, to the care of the Legislative Assembly of Ontario, their opinions on this subject.

1640

Mrs Cunningham: That is great and we thank you for that.

I noticed in your Cycling Ontario booklet that everybody has a helmet on, even the little one down here. That is great. We are looking for good promotion. But I must say I do not know what study you read about the wearing of helmets being directly related to increased numbers of fatalities, but if these people believe that I do not think they would have a helmet on. That is all I can say. If you can give us that study, I would really be interested in following up on that.

We have a number of studies here. I am not sure whether you have ever read or had reason to read the Seattle study that was published in the New England Journal Of Medicine?

Mr Maisonneuve: I was in Seattle not too long ago, so I met with some cyclist advocates from there.

Mrs Cunningham: Have you read the study that was published in the New England Journal of Medicine? Because if you have not—the only reason I am raising it—in the back there are about 28 references to research that has been done on this subject. You are welcome to it. My staff have a package they sent out to people to inform them on both sides of the argument. I wanted to let you know we have a package and I hope you will call our office, and perhaps stay for the rest of the day today because there are a number of other witnesses.

The Chair: I want to say thank you very much.

Mrs Cunningham: Just one—

The Chair: Mrs Cunningham.

Mrs Cunningham: How about 20 seconds? Let me go now and I will do it in 15.

The Chair: Promises, promises.

Mrs Cunningham: On the issue of safety, we have no intention of introducing this legislation without a safety campaign that goes along with it. I want you to know that

since 1973 many of us have been involved in home and school associations and school boards across this province, so it is not new. I hope when you leave today you will think we have had a very rational debate.

This is not a bill that has been introduced from any knee-jerk reaction. As you have described, maybe in other jurisdictions; not so here. It has been encouraged by the Ontario Medical Association, people who work with children, parents, cyclists and other cycling clubs. I really want to underline that the debate is only as rational as the people who appear before this committee.

As for enforcement, you are quite right; we agree with you. We do not think the laws of cycling are enforced appropriately. We are looking very carefully at how this can be improved with legislation as it stands now—for instance, lights in front of bicycles—and effective implementation. We are counting on you to get ideas about that.

As far as helmets are concerned—I will close with this, Mr Chairman, because I can see you are very nervous—Bill Coffman from the Canadian Standards Association came before us and assured us that if this legislation was passed and phased in—it is not, I do not think, our intent, although we have not discussed it, to have this immediately effective on March 1, 1992. We are looking at probably giving the public 18 months or 2 years of lead time. We will discuss it. This is a non-partisan problem for all of us. He assured us that within months these helmets could be made and be available at a reasonable cost in Ontario by Ontarians. That is what we want. He also said they were American companies. We hope to give Canadian companies enough lead time to get started up and do it.

I wanted to give you that information in response to the concerns I wrote down. We really would appreciate your help if in fact we decide to move ahead with this. We need your help and your support.

The Chair: What I am concerned about, Mrs Cunningham, is that all over Ontario people are going to be saying I am a soft touch as the Chair.

Mrs Cunningham: You are a soft touch, Mr Chair.

The Chair: Gentlemen, I want to thank you very much for taking the time to come here and for preparing the material to talk to us as you did, a valuable contribution. Keep in touch with Mrs Cunningham or the Ministry of Transportation. The parliamentary assistant, George Dadamo, is sitting on the committee. We appreciate your interest. Please keep in touch.

Mr Maisonneuve: Thank you. Can I just make one final remark before I leave?

The Chair: Mrs Cunningham, and now you.

Mr Maisonneuve: I would like to thank the Ontario government, which is my employer, for giving me the opportunity to come and speak before the committee. I would especially like to thank my deputy minister, Mr George Davies, for letting me take 45 minutes time off today from my work to come and address you.

HOSPITAL FOR SICK CHILDREN NURSING GROUP

The Chair: As the people from the Hospital for Sick Children Nursing Group come forward and seat themselves, I want to remind people there are coffee, juices and milk here for you. Please feel free to have something to drink.

The Hospital for Sick Children Nursing Group has distributed its brief. Every member has it, and it has been marked as an exhibit to this committee process now; it will be a permanent part of the record. Can I ask you to identify yourselves and highlight your submissions so that the more valuable process of exchange can occupy most of our time. Please go ahead.

Ms Durnford: Mr Chairman, members of the committee and members of the concerned public, first, before we introduce ourselves as individuals, the group represents the nursing staff at the Hospital for Sick Children who deal with children admitted as a result of injuries, from the trauma room and the emergency room through to the operating room, recovery room, the nursing unit, to discharge, either to home or to a rehabilitation hospital.

My name is Phyllis Durnford. I am the trauma program co-ordinator at the hospital. With me is Irene Elliott. I will let her tell you about herself.

Ms Elliott: I am a clinical nurse specialist and my position is in the neurosciences department, which includes children who are head-injured and the particular group we are discussing. I also have an affiliation with the head-injured children through the intensive care unit coming on to the ward itself.

Ms Bruce: My name is Sheila Bruce. I am a staff nurse at the Hospital for Sick Children. I have been there two and a half years. I am a care giver for children who have suffered a head injury as a result of a bike accident.

Ms Miller: My name is Coleen Miller. I had the privilege of meeting with this committee on Monday. Just to remind you, I am the clinical nurse specialist for the trauma program.

Ms Durnford: I would just like to make one other short point. The colour of my blazer does not represent my political affiliation.

This afternoon the group would like to address the following issues with regard to mandatory helmet usage: first, the size of the bicycle-related-injury problem in this province; second, the impact of the injury or injuries, and the circumstances on the child, the family, the health care providers and the health care system; and third, the strategies which would assist the implementation of this bill.

What is the size of the problem we are facing? Between 1985 and 1989, we had an average of 16 children between the ages of 0 to 16 die as the result of a bicycle-related injury. Cause of death in most instances was a non-survivable head injury—in other words, a massive head injury—and none of these children was wearing a helmet.

The geographical distribution did not and does not favour either rural or urban areas. Bicycle injuries do not know about geography. The other thing the committee should be aware of is that the scene of the injury can be identified as being somewhere within one to two kilometres of home,

not five or six miles away. That is important for you to know and to think about, but even more important are those children, literally hundreds of them, who are admitted to hospital, survive the injury and undergo varying lengths of hospitalization in an acute care setting such as ours or a rehabilitative setting such as Chedoke-McMaster Hospital, the Hugh MacMillan Medical Centre and any other rehabilitative setting you can think of.

This is another point: The peak rate for bike-related injuries is estimated as being somewhere about 900 per 100,000 of population for children between the ages of 5 to 14. If you take the population of Ontario and figure that the paediatric population is, let's say a third, multiply that number by 900 and you have some idea of the size of the morbidity problem.

Unfortunately, with all due respect to the male members of this committee, it tends to be more of a male problem than a female problem. I will not get into why that might be.

1650

Head injuries, again, are a prominent cause of morbidity and disability. We have examined studies from San Diego county, from Pittsburgh, Pennsylvania, and from Calgary which speak to the residual damage associated with these injuries: brain injury figures of 13.5 per 100,000 population. Take that figure of how many kids there are in Ontario and multiply it by 13.5; 83% of children discharged with limited physical activities that can range anywhere from a week to two years; 32% of these kids are going to have either a persistent and/or permanent disability on discharge. If dollar signs are beginning to flash in your head, they should be.

We looked at injury admission data from our hospital from June 1990 to September 1991. The reason we picked that particular period is that it represents two cycling seasons, the cycling season for kids being basically when they get out of school to when they go back to school, so we have got two seasons here.

We found that 80% of the total head injury admissions were due to falls off bicycles. We have all fallen off bicycles. We know how easy it is to do. You hit a rock in the road, you hit a pothole, your baseball mitt catches in your spokes, you put the hand brakes on too hard and you are over the handlebars, you turn too sharply; we all know how it is done. Twenty per cent of them resulted from a collision with a motorized vehicle. It is no surprise the majority of the mortalities are in the latter group.

However, the morbidity crosses both groups. Gentlemen and ladies, the morbidity does not just include the severe head injury; it includes the moderate to minor head injury, the only clue to its existence being that all of a sudden the kid's attention span has decreased and her or his school performance goes down.

The Chair: Distinguish between "morbidity" and "mortality."

Ms Durnford: "Mortality" means you are dead; "morbidity" means you are confined to your bed for three weeks and you have got a headache for two of them.

I have acquainted you with the size of the problem, not that I should intimate you were ever unacquainted with it,

but I figured I would put a few numbers in there. Sheila Bruce is going to speak to you about the impact of the injury.

Ms Bruce: The most devastating outcome of these head injuries is the harm that is suffered by these children. Children may die as a result of the injuries they sustain from bike accidents, and if they do not die they may suffer severe injuries from which they may never fully recover.

A normal child may jump out of bed one morning, get ready for school, brush his teeth, have breakfast and off to school he goes. He comes home, jumps on his bike, no helmet, and is off for a ride—pretty normal so far. This child may have an accident, regardless of whether he falls off on his own or is hit by a car. Unfortunately, he sustains a severe head injury.

Now this child is in hospital. I am the care giver now. I am the one who has to wash this child's face, bathe this child, dress this child and brush his teeth. I have to help this child to eat or feed him if he can eat; sometimes a child requires a tube down his or her nose to the stomach for feeding. Basically, I am the one who has to give this child this care. Unlike you or me, who can fidget in our chairs because we have been sitting too long, this child cannot even tell me if he is uncomfortable.

If the injuries are not this severe, children still may suffer some injuries from which they will have permanent damage, such as decreased attention span, thought process alterations, impaired cognitive abilities or speech impairment, not to mention physical impairment such as paresis or paralysis. Often these children have difficulty integrating back into school, decreased school performance and poor school grades. They have trouble with their peers. Friends at school often do not accept them. Children can be pretty cruel at times.

I would also like to stress at this point that we are not just talking about a child on busy streets in downtown Toronto. Any child who gets on a bike without a helmet is at risk for a head injury.

The next unit is the family. The family is put into a total crisis situation, the life and death of their child, and requires substantial support by the health care professionals. Routines or roles of the family are totally upturned. The family undergoes incredible stress, not only having to deal as individuals with the injured child, but also as a family unit. If this family has had family coping problems before this injury, the injury only aggravates these problems. It often requires additional support from the hospital, such as social work.

The family also lives with total grieving even if this child does not die. No longer are they looking at their teenager; they are looking at a 120-pound baby they have to care for. They are always having an uncertainty and grieving for the loss of the child they knew prior to the injury.

It is also a financial nightmare for parents to have a hospitalized child. Often a parent wishes to be with the child at the hospital. This requires a leave of absence, usually without pay, from their work. It has been estimated that costs for this parent can be upwards of \$100 to \$120 a day to be with the child in hospital. This includes things such as meals, transportation, parking and accommodation, if they

do not live by the hospital. We are talking about hospitalization stays of upwards of five to six months.

The largest unit affected by these injuries is the health care system itself. These children require lengthy hospital stays because of their injuries. The complexity of head injuries often requires many professionals in the hospital to be involved with their care. This is all very expensive and draining on the health care system.

After the critical time of a head injury, rehabilitation and chronic care settings in Ontario are extremely limited. There are not very many places for these children to go. If the parents wish to take the children home, community resources are also extremely limited, often difficult to access or not available at all.

As for the funding and the resources that go into the treatment of these children, if part of this were put into prevention, the cost of treatment would be drastically decreased because there simply would not be the numbers of children requiring treatment.

The last thing I would like to discuss is the impact on me, the health care professional. These children require a lot of physical, hands-on care and a lot of emotional stress and strain, both the child's and the family's. This I can deal with: the emotional and physical part. What I have a very hard time dealing with as a care giver is the frustration of knowing this child has a severe head injury, the prognosis of this child and what the future may hold, knowing that this head injury may have been prevented with a helmet.

Knowing the care these children involve and knowing the outcome—we have seen some figures—you, the policymakers, have the ability to start, anyways, protecting these children. I feel it would almost be professional neglect if we did not start taking action and protecting the safety of the public. I feel we can do this by promoting Bill 124.

Ms Durnford: You have heard a summary of what the impact of a bicycle-related injury can be, particularly if it is a head injury. Sheila has stated that one of the prime frustrations for those of us who are care providers, whether we are physicians, nurses, physiotherapists, occupational therapists or whatever, is knowing this could have been prevented.

We appreciate the fact that you people are charged with the responsibility of formulating regulations if this act comes to life. We are very, very interested in helping you with that gargantuan task. We would like to propose several rather broad strategies which encompass concerns of time, cost to the system and the consumer, educational initiatives and enforcement.

In terms of time, we support the need for the public to buy into the necessity of using a bicycle helmet by all age groups. We propose that a two-year time line be established between the enactment of the legislation and its eventual enforcement. During that time, educational initiatives can be undertaken. I will address those initiatives in more detail in a minute.

Manufacturers will discover the growing demand and get ready to meet it. If any other legislation needs to be revised, that revision can be done. I am aware of the fact that there is some discussion about the Provincial Offences Act in one of your deliberations prior to the public hearings starting.

1700

As this act is an amendment to a current piece of legislation and not a new piece of legislation on its own, the essential mechanisms for enforcement are already in place. Therefore, in our opinion, there needs to be very little additional cost to the system. We do not need more police cars. We do not need more police officers. They are two of the most expensive resources in enforcement.

The cost of bicycle helmets to the consumer is another matter, however. It is our opinion that this can be addressed by coupon campaigns, it can be addressed by rebate programs and it can be addressed by a reduction of the provincial sales tax on bicycle helmets. I did not say a word about the GST, because we all know that is the feds' problem. It can ultimately be addressed through increased consumer awareness to which the manufacturers will have to respond, the law of supply and demand being what it is.

For educational initiatives, we have taken the liberty of suggesting a very round figure of \$1 million per year. Let me remind you, gentlemen and ladies, that does not even come to the cost of one severe head injury—\$1 million a year for each year for the two-year time line should be undertaken. It could be based on pre-existing models which have a proven track record in increasing helmet usage. I know for a fact that later—I think it is the beginning of next week—you are going to hear about one of those programs, so I will leave it at that.

The educational initiatives need to be addressed to the adult rider as well as the child, because adults are very powerful role models for children. They could be addressed to the manufacturers to raise their level of awareness with regard to the problem and to the size of the potential market for helmets. Obviously, manufacturers are not in this only to be good-spirited public citizens. They are in it to make money. That is fair.

The last thing is enforcement which, in our opinion, starts at the end of that two-year time line. We would like to propose that it starts with adults, as in the Australian experience, and that it run for a period of six months to a year. That period is based on the somewhat seasonal nature of cycling in Ontario. We have targeted adults first because of their role model capability and because of their economic influence. We propose that children from the age of five upwards be required to wear helmets and that their parents bear the burden of financial penalty until the age of 16, the legal age of consent.

We have chosen five as the cutoff age because it represents the point at which the child enters the school system and is away from direct adult supervision for longer periods of time. It is the age at which the current CSA bicycle helmet standard applies. The amount of the financial penalty should match that applied for failure to use other similar safety equipment like motorcycle helmets and seatbelts.

Once the adult period of enforcement is through, then the child enforcement period starts. We also propose that the first fine have a grace period of about three days during which the person has the opportunity to purchase a helmet or retrieve a current helmet, and by showing this helmet, receive a waiver on the fine. However, a second offence gets a fine regardless.

We also propose that compliance with any of the CSA, the Snell Foundation or the ANSI standard certifications be required of a helmet sold in Ontario, with the preference given to the CSA standard.

In conclusion, members of the committee, we know what the problem is, we know how big it is, we know who is affected by it, we know how much it currently costs us, or we can estimate it, and we know what to do to fix it. It is 5:05 pm and the clock is ticking. The human and material cost of doing nothing continues to grow. Irene?

Ms Elliott: I just want to add one comment. On page 5 we included this, but I want to stress it again as a final sort of thrust when we talk about the size of the problem. The well-known Seattle, Washington, study showed conclusively that bicycle helmets, when worn, can reduce risk of head injury by 85% and serious brain injury by 88%. Children do not die from other injuries in bike accidents; they die from head injuries, and that has been shown at our hospital repeatedly. We do not have children dying from chest injuries, pelvic injuries or abdominal injuries; they die from head injuries. In all cases, I repeat, children who have died have not been wearing helmets.

The Chair: I want to thank you very much. This is the second time this week, as you have already made reference, that nurses and the nursing profession have been here and spoken out at this committee. Once again, a very impressive and thorough commentary, a good analysis, a very useful contribution to the process. We really thank you and look forward to your ongoing participation with this issue whatever course it takes as a result of this committee's dealing with it. Nurses, thank you very much for coming here.

Ms Durnford: If there are questions, we would be prepared to answer or comment at least.

The Chair: We thank you.

Ms Durnford: I get the point.

Ms Miller: Could I have one last word?

The Chair: Sure.

Ms Miller: On behalf of the operating room nurses at the Hospital for Sick Children, we have brought with us at least 50 signatures in support of the proposed amendment to this bill. We would just like to mention their contribution at this point.

The Chair: That will be made an exhibit and part of the record as well.

1710

HIGHLAND JUNIOR HIGH SCHOOL

The Chair: Bill Crew is here. There are some people accompanying him. All of them, or as many as want to, are welcome to sit with him. Please identify yourselves and commence with your comments.

Mr Crew: Mr Chairman, members of the committee, good afternoon. My name is Bill Crew. I am a teacher at Highland Junior High School in North York, and 50% of my time with the North York Board of Education I work as a program leader or consultant. My area of expertise is design and technology education.

I have here today with me two of our students, Farrah Haniff and Elaine Hsu, who are the president and vice-president respectively of our student council at Highland Junior High School. After I have made my brief comments, these young women I am sure would be most pleased to answer any questions you may have about the two case studies we will bring you today.

I am here today representing the staff and the students of Highland Junior High School and we sincerely thank you for this opportunity to speak in support of Bill 124 and the mandatory use of protective bicycle helmets. The clerk will give out a copy of my brief after I speak.

On June 4 past, Daniel, the 16-year-old son of one of our teachers at Highland, fell from his bicycle and suffered a severe head injury. We believe this accident was probably the result of faulty brakes on his bicycle. Daniel was in a coma for several days and there was some question about his survival. Then, for several weeks there were questions about the possibility of long-term or permanent disability.

Fortunately, this is a happily-ending story because Daniel is now attending school again. He is back to school just this month, in fact, and except for some lingering loss of physical strength and stamina and some short-term memory, he is nearing complete recovery. His recovery is due, in part at least, to his personal determination and the excellent care and rehabilitation he received in our hospitals. You will be pleased to know also that Daniel will later this month begin working as a counselling volunteer in the trauma unit at Sunnybrook Health Sciences Centre. He wants to help those who helped him.

Then, on October 3 just past, our school was thrown into a state of complete shock when we learned that one of our grade 9 students, Shabbir Darbar, had suffered fatal injuries in a bicycle-truck accident that occurred within two blocks of our school near Don Mills and Steeles in North York. Shabbir was 14 years of age. In my 31 years of teaching, I have never experienced such a profound loss by a group of staff and students. Many students and staff wept openly in grief. Some just wanted to be alone. Some students wanted to go home. Some staff and students met with trained counsellors employed by our board of education, while others wrote very profound and moving messages on a huge four-metre-long sympathy card that was placed in the school foyer. It was a tragic situation that I sincerely hope I will never have to experience again during my teaching career.

We of course have no way of knowing for sure what effect the wearing of bicycle helmets may have had in these two situations. In Daniel's case, we are told that a protective helmet probably would have prevented a serious head injury. In Shabbir's accident, a helmet may indeed not have saved his life because of the severe trauma to his bodily organs other than the brain. However, statistics available to all of us about the prevention of such severe head injuries by the wearing of protective helmets so overwhelmingly favours this amendment to the Highway Traffic Act to include mandatory use of bicycle helmets that we must see that this positive step is made. I know from the comments I have heard in the brief time I have been here today, and I know from reading in Hansard about the

debate held in the Legislative Assembly on June 27, 1991, that you have heard these overwhelming statistics. I would be pleased to repeat any of the statistics I have if you want to hear that again. I think that is not necessary.

To the credit of the grief-stricken parents of the young student who tragically lost his life, they are adamant that our school do something positive by way of promoting bicycle safety. The students of Highland Junior High School are simply not satisfied with just the usual hanging of a framed photograph in the school hall and placing a memorial page in the school year book, which of course we will do. These students insist that we do something more positive and long-lasting to celebrate Shabbir's life. As a result, plans are being formulated to conduct a series of bicycle safety related activities next spring. We are not sure at this time exactly what format we will employ, but the activities most certainly will include bicycle safety checks, helmet sales at discount prices, assemblies and/or lessons on the topic of safe cycling. The first of our positive steps to promote cycling safety occurs here today as we urge you to support Bill 124.

We are all aware that this bill, like most legislation, will undoubtedly meet with some opposition. We know there are those who will insist that helmets are too expensive, just as they complained about the cost of seatbelts increasing the price of their automobiles. We must find ways to make affordable helmets available to all cyclists through rebate or discount programs and to make helmets available free of charge in truly indigent situations, and we know we have those. I have a hunch those who are most likely to complain the loudest about the cost of helmets are also those who are most likely to ride the very expensive bicycles and who are most likely to complain about the high cost of health care. In Daniel's case, his health care costs were in excess of \$1,500 a day.

I quote Mrs Cunningham's comments in the Legislature when she moved second reading of the bill on June 27, 1991: "You cannot afford not to wear a bicycle helmet. The amount of money that goes into rehabilitation and the quality of family life and that child's life or adult's life, no one could ever put a price on."

We know also that there are concerns about enforcement of mandatory bicycle helmet legislation, especially when it comes to enforcement with relatively young children. Although I do not come here today with a lot of particularly innovative or creative solutions to the enforcement problem, this does lead me to my final comment.

The first major step in avoiding the necessity of wholesale enforcement of such legislation is sound education about the benefits of wearing protective helmets at all times when cycling. Such education must naturally begin with very young children. I have no mandate or authority here today to speak for any educational jurisdiction or group of professional educators other than for my own colleagues at Highland Junior High School in North York, but let me assure you that most educators, fortunately, are educators because we love children. Because we love children, we want them to be happy and safe. We know, with or without this legislation, there is a lot of educating to be

done, and we will do it. It will certainly be a lot easier and much more effective, however, with this legislation in place.

We urge you to recommend passage of Bill 124. Good luck in your deliberations and thank you for your concern and your time today. Farrah, Elaine and I would be pleased to answer any questions you may have.

Mr McGuinty: I want to take advantage of Farrah's and Elaine's presence here so I can get the student-youth perspective. I want you to think back to the time before Shabbir's tragedy and tell me what students generally thought about safety on bicycles, because most students do not have the experience you have had at your school. Before this happened, what did students think about the idea of wearing a helmet and that kind of thing?

Ms Haniff: It did not cross our minds. It is not something we thought about. You do not think you are going to get hurt by riding a bicycle.

Mr McGuinty: I am probably dating myself, but we spoke in terms of things that were cool and not cool. I do not know what words they use today. Before this happened, how would a helmet be categorized?

Ms Haniff: Uncool.

The Chair: Since it happened, has there been a change of perception?

Ms Haniff: Yes.

The Chair: What is the change?

Ms Haniff: Wear a helmet.

Mr Dadamo: I guess we talk about enforcing this all the time. In our preliminary discussions we were talking about not being able to enforce it with 12-year-olds and under. It seems to me that is the category, according to the last presentation, where the bulk of the children are being injured. What are we going to do to enforce it at 12 and below?

Mr Crew: As I said in my comments from my prepared text, I do not have any innovative or creative solutions about enforcement other than enforcement that is in place for similar situations, as the previous group of nurses mentioned. However, I stress that I really believe education is a very important factor. If we make these young people realize the importance of wearing a helmet, I think we have gone a long way to reducing the enforcement problem. It will never go away, of course. It would be a very simple matter for the Ministry of Education to issue a numbered memorandum stating "Thou shalt" and preparing a brief curriculum guideline for schools to use. It would be done in every school in this province.

1720

Mr Waters: I would like to ask one of the two young ladies if they thought they could educate some of their friends better than we could.

Ms Hsu: Yes.

Mr Waters: What would you do?

Ms Hsu: We would probably get together, have a big assembly and we could have students talk about what they think. I think the kids would probably listen to people around their age.

Ms Haniff: Kids listen to kids more.

Mrs Cunningham: Thank you so much. I think your being here today is going to influence us significantly. That is why we want this legislation, for young people, and I think you are a wonderful teacher and a great role model.

Mr Cleary: We heard the former presenters say we did not need any more police cars or any more officers, but there is one thing they are forgetting about, and that is that many places do not have police officers. They depend on bylaw enforcement officers. So if we are covering Ontario, we have to look at all of Ontario and not just certain parts of it.

The Chair: Mr Crew, Ms Hsu and Ms Haniff, thank you very much on behalf of all the committee. Your comments have been extremely valuable. All of us appreciate your taking the time to prepare this analysis, sharing your insights and coming here today.

It is only 5:23. As you are here, I hope somebody takes you up to the members' gallery in the Legislature, if only for five minutes, so you can see a little bit of what else goes on here. This is your building. People like you should make sure you feel comfortable here, use it and find it accessible, otherwise government will run amok if people in the community do not keep an eye on it and make their presence known. I say that in all sincerity. Thank you and best wishes to Highland Junior High School.

PAUL ZEHR

The Chair: I am sorry we are a little late, but we are trying to make up some lost time. This is Paul Zehr from Kitchener. Tell us what you will.

Mr Zehr: In September my son was killed while riding his motorcycle. I have been thinking about this a long time, because 20 years ago a girl got killed. I knew her and we always rode around a lot on bicycles with my kids. In 1960 a friend of mine was in a car accident and he has been in Freeport Hospital in Kitchener ever since. He was totally unconscious for two years. Then he came out of it, but he is still there; he is really dozy. I could go on and on. Around 1966 a friend of mine went through a stop sign and a sign came through the truck and hit him on the head.

I have known so many people who have been killed on the highways over the years, I have been doing a lot of thinking about this. I always used to say to my wife: "Why don't the bicycles face the traffic? They teach you to walk and face the traffic." My daughter said to me: "Why don't you do something about it after this happened? You always complain."

The problem I have with this is not the helmets. It is what you are doing. Toronto and Kitchener are two different places compared to the rest of the country, and you hear remarks here about the poor people. You know, not everybody has money coming out of their ears. I know that. I would have gladly had \$40 this summer to buy a battery so I could have driven down the street beside my kid on his motorcycle one more time.

When you go into this driving business—my kid always had a problem with his left turns, and I really landed into him. My wife said, "That was on his driver's exam." He took

his driver's exam and he passed. He had one bad thing; he looked and turned at the same time. That is what he did on his bicycle; he looked and turned. I am only using this because it is something you really think about an awful lot. He made a left turn in front of two cars and they apparently ran the yellow light. When I saw the skid marks, I knew what had happened. He just really underestimated their speed.

Any time I talk to somebody about driving, I always say, "When you see a bike, move into the left lane." If I see a guy coming behind me, I will block him to save that bicycle. I talked to hundreds of people and they say when they come through this driver training stuff, they are not being taught anything about bicycles. So here you are, you are going to make people wear helmets: five-year-olds, six-year-olds.

We worried about our kid something terrible. He would have been 18 two weeks ago. He had grade 8 honours in the violin, just finished, and he played the piano, and it was just tremendous what he went through. We worried about them when they were kids and we tried to teach them and teach them, and some of these accidents happen. People say it is fate. What happened was that the kid who went into him turned and skidded right in the direction my kid went.

The start of this problem is they do not spend enough time teaching them. They should all have skid training. I have had my pilot's licence since 1970, and there is a difference of day and night in the training. They do not train the kids enough, so make everybody wear helmets. Where is this going to end? Why do you not make everybody in a car wear a helmet? I have a list of all the people I knew who were killed in cars from head injuries, but nobody wants to mess their hair up in a car.

When I phoned the MPP from London, I said to the lady, "This will just cost everybody money." She said, "It won't cost anybody money." I said, "I haven't heard a law yet that doesn't cost money." You buy the helmets, you know. Some poor people have not got the money to go out and buy the helmets. I should say to watch their kids. If I had had more money, my kid would have had a car, not a bike. You are going to end up with more poor kids on the street all the way around.

The helmets are not a bad idea. I am just saying, where are you going to stop with enforcing it if you do not do any of this other stuff? You know what I mean: Nobody should be allowed to drive a car without winter training; the ages could be changed; insurance for a boy—you know what it is and why it is. My daughter has driven a car now for four or five years and she has never even come close to an accident. There is a difference of day and night, so they should have a split starting age for the kids for driving.

How much time have I got?

The Chair: Go ahead, Mr Zehr. I will let you know when we are coming close to the end.

Mr Zehr: I should have kept going and waited for you to stop me. Anyway, three weeks after my son died a woman told us that his friends saw the driver of the car that hit him take a cooler out of his trunk and hide it.

She did not know it was our son until two or three weeks later when she happened to come into my wife's place of employment and heard her talking about it.

One thing I feel the government should do if it is really serious about saving these kids' lives is that any time there is a fatality they should automatically test them for liquor or drugs, because can you smell everything? I am just saying I know people who were always heavy drinkers, and you would never smell anything on them. I do not think the guy was drinking—the time of the day and everything. I thought, well, gee, how do you really know, when it gets down to this kind of stuff?

1730

I have eight pages here, and I really feel I have said as much as I can say about it. There is one other thing I was going to mention about this bicycle business, facing the traffic. I read an article about the old people in Waterloo complaining about wearing helmets. Like I say, this really has nothing to do with the helmet issue. It is the direction of the traffic again. They worry about hitting car doors opening. If you are coming along and you are going towards the traffic and a car door opens, for one thing, the driver is going to see you better. When you get on a bicycle you have an awful time looking around to watch people behind you. This is what really bugs me, because I always told my kid to look twice over his shoulder.

Getting back to these TV spots again, it is the same thing. The government is not very careful about what it does with its ads on TV. It says, "Don't let your father teach you how to drive." Then it better make sure it does a better job of teaching them. Basically, you do not have any support, and it gets back to the poor people again, and the helmets. They do not have enough help when it gets down to what they are doing. You know what I am saying? They try to enforce their kids, and they have not got the energy. So you are going to have one awful problem with a lot of these kids and their helmets, enforcing it.

The Chair: Okay, perhaps we do have some time, because I know these people want to ask you some questions.

Mr Arnott: Mr Zehr, I want to thank you very much for coming in this afternoon and outlining your concerns. If I could summarize what I have heard you say, I think you have given us a number of ideas where you believe that enhanced road safety could be brought into effect. I just want to let you know, for your information, that about a week and a half ago our party—each party has an opportunity once a year to bring an issue to this committee for 12-hour consideration, and we have brought forward the issue of the graduated driver's licence.

The Chair: There is not enough time for a lecture on the standing orders, Mr Arnott.

Mr Arnott: I hope you will come back again when we consider that issue, because I think you are speaking to that in a lot of your concerns.

Mr Zehr: I wrote this thing out and then I heard about the other, and when I phoned here I told them basically what my concern was. I said, "I don't want to be too much out of place."

Mr Arnott: I am not saying it is.

Mr Zehr: I am just saying I want to start somewhere with this, because there are a lot of things that are really lacking.

Mr Waters: I wish to thank you very much for coming in. It must be difficult enough, but once again, there are a lot of ideas here. I seem to recall that when I was a child, I rode against the traffic, and then they changed the rules—

Mr Zehr: A lot of people do it now.

Mr Waters: —and I could never understand why. I also believe the whole aspect of bicycling is going to be looked at as well over the next while. That is just to let you know that we are looking at a lot of the problems.

If we enact this, do you feel it is something we would have trouble enforcing?

Mr Zehr: The helmet law? I talked to hundreds of people, always did and will, and everybody says it is a good law. The comment from most of the people will be, "How are they ever going to enforce it?" I think the best way to do it would be like the children who were here before talking. My kid had asthma real bad and he fought it, and we kept his inhaler; his packback was ripped right in half. My wife and I thought the same thing. She said, "I am going to keep it because you might want to talk to people some time, and I really think that would do more good than anything."

The Chair: Mr Cleary, did you have any comments you wanted to make?

Mr Cleary: Yes. I thank you for coming in. I know it must be very hard for you, and you have all our sympathy. I am of the opinion that you think we should start in the schools.

Mr Zehr: Right. I have been watching the laws and like I said, when I phoned she said, "It won't cost any money." Well, I know it will. It will be a fine. One thing after the other comes in.

There were four of these Portuguese fellows killed in a car on the highway last week and then another one in Kitchener. I happen to know Paul Costa's father, mother, aunt and brother-in-law very well. My daughter's boyfriend's cousin was killed on Highway 6 two weeks ago. He was in the hospital; they operated on his brain, and he would not recover. He died and he killed his 19-year-old friend who was in the car with him. There were five friends. One was killed on a motorcycle earlier in the year and the other one was killed in a car accident last year. Four; there is one left; it goes on and on.

Like I say, people say, "We're really concerned about it," so it is really easy to change Bill 124 and put one word in there. I do not think you are going to change the issue over the long run. Regardless of what anybody says, you are not going to change the facts and the figures, your 85% and all this.

When it is all said and done, if things keep going the way they are, you are still going to have one hell of a mess 10 years from now. I would still feel this way if my kid had died of head injuries. He never had a single head injury. His spleen was split, his liver was split, his lung was split, and I looked at the scene and said to my wife

when I got home, "I'll bet you he was going over 60 miles an hour."

I hit a deer once and I know how hard a 120-pound deer hits, and I am really kind of upset that my kid could not judge the speed well enough. I am upset that he did not look twice. I am upset that he did not signal. He used to, you know. He forgot the key to his motorcycle and took the bicycle. We offered him the car, we offered him this and we offered him that and away he went.

Like I said, basically the main reason you could not talk to him—he was not cocky, he was not smart; he was a very nice kid—but you keep these things coming on TV that keep saying, "Don't let your dad teach you how to drive," and there are some fathers who know how to drive. I have probably avoided more accidents in my life than anybody sitting in this room—and I am talking about three since—because I do not cross an intersection without looking both ways. I never did.

I tried to teach my kid that. He was not too bad. This is the only bad habit he had. If the instructor had cancelled him and said, "That's it," because my wife and I said to each other, "He won't pass"—I hate to talk like this about my son because my wife would get upset, but it is true. We thought he would fail but he was smart. I have got his thing here. There was one thing wrong and one minor detail, like the seatbelt or something he did not put on in time. He put it on after he went 50 feet. Now what is more important, saving your life or putting on your seatbelt late?

It is the same with the seatbelts. You get on to the fact that seatbelts are good and you put them on, but if you are paranoid about them you have got another problem there. You have got to teach people to look first. I see a lot of it and it is pathetic.

The Chair: Mr Zehr, your comments are straightforward and candid, just about the sort of thing we would expect from folks from Kitchener. I have got little use for the \$1,000-a-day consultants governments so often spend your money on. Your appearing here today, along with the nurses and the others, proves that if government listens to the folks out there in communities, it will get some good direction.

I want to thank you for coming here. We appreciate very much your taking the time to come up from Kitchener. Your written material will become part of the record, a permanent part of these proceedings, and will undoubtedly be relied on in the arguments that follow when we have our final arguments about this amendment to the Highway Traffic Act. You wanted to say one more thing before you leave.

Mr Zehr: Somebody typed this for me and left out three things, I think. They got me a little bit upset because I mentioned it, the three tail lights on cars. It was in Germany; here they turn them off. I said, "Don't our politicians ever go on holidays?"

The Chair: You bet they do.

Mr Zehr: Why do they not notice that?

The Chair: As often as not they are junkies.

Mrs Cunningham: Speak for yourself.

The Chair: I have watched too many of them, Mrs Cunningham. Mr Zehr, thank you very much.
1740

COALITION FOR HEAD INJURY PREVENTION

The Chair: The Coalition for Head Injury Prevention. Dr Brian Morris, please.

Dr Morris: Thank you, Mr Chairman. I would like to thank you for allowing me the opportunity to address this committee this afternoon. I was taught about speechifying, that first you tell them what you are going to tell them, then you tell them and then you tell them what you told them; so first I am going to tell you what I am going to tell you.

I am going to discuss this Coalition for Head Injury Prevention up in Barrie, who we are, what we have done and why we have done it. Because I am a medical physician, a family physician and a medical researcher, I am going to address some research issues, some statistical issues and some medical proof issues. Then I am going to make a number of points based on some things I have heard here today and things I read from your preliminary transcript.

First off, as a family physician up in Barrie, a medical teacher—I teach family practice residents—and the father of two girls, four years ago, along with a family practice resident, I looked at the issue of bicycle helmets and tried to figure out why kids were not wearing them because we knew then, as you know now, that children are the main target here.

What Dr Nancy Trimble and I did was a piece of medical research, if you like, called a randomized clinical trial. We took three schools in the city of Barrie. At one school we did nothing but observe. At another school we spent a whole lot of time educating. We went into classrooms, there was a poster contest, there were skits, there were plays and there were posters in the halls. We spent a lot of time educating. At the third school we spent just as much time educating, plus we offered subsidized helmets.

The impact of the program: At the school where we did nothing, nothing happened—good, no children wearing helmets; at the school where we spent a lot of time educating, again there was no impact, nothing; at the school that got education plus subsidy, a whole lot of impact, a significant increase in the number of children wearing helmets. Our conclusion from that—this paper was recently published and a copy can be entered into the record if you wish—was that education alone does not work.

Based on that, two years ago Dr Trimble and I formed ago a group called Coalition for Head Injury Prevention in Barrie. This is a community-wide group. We have representation from the Simcoe county health unit, we have representation from the school boards, we have retailers, we have bicycle racers, we have service club representation, we have the local branch of the Ontario Head Injury Association and we have the police safety officer for Barrie.

We have done a lot in the last couple of years. We have organized bicycle rodeos, I have appeared on TV three or four times, we have organized TV ads; we have had park benches with our logo on them; we have gone into schools; we have spoken to principals, we have organized reduced-rate bicycle helmet purchase schemes. We have

done lots of stuff and what we have found is a significant increase in bicycle helmet use in Barrie.

In the spring of 1990 our bicycle helmet use rate was 5%. This was measured at various elementary schools, secondary schools and our local community college. That was in the spring of 1990. Five per cent is more or less the rate that was accepted as standard across the province at the time and you have heard that kind of number before.

In the spring of 1991, following just one year of activities, our bicycle helmet use rate was up to 17%. It had more than tripled after one year. I hope and expect that next spring it will be even higher, because we are continuing to do things. My daughters rode in the Santa Claus parade in Barrie on the weekend just past, wearing their helmets and handing out coupons to encourage people in the crowd to buy helmets for each other for Christmas.

This has been an active group that from its very inception has felt strongly that legislation is crucial—not just important, not just a good thing, but crucial—because legislation will make everything else work better.

My children's public school principal keeps saying to me: "Brian, as soon as there's legislation, then I can compel kids who ride their bikes to school to wear helmets. Right now I can't. I'd like to encourage my children at my school to wear helmets. Right now I have no power. Please get me that legislation so that I can make that happen."

This is our group, that is, the Coalition for Head Injury Prevention. We are an active group. We are a volunteer group but we are not the only group around. There are similar groups in East York, there are similar groups in Whitby, there are similar groups in Ottawa; there are groups all over the place doing the same kind of thing on a purely volunteer basis. It is working and it is helping.

Let me just correct one point that was in the Wednesday, November 20 preliminary transcript; at least I think I am correcting a point. It was mentioned at 4:55 that a recent Ottawa study funded by the Ministry of Transportation had just released its results—"I believe they were upwards of the 20% level"—for bicycle helmet use. With the permission of the author of that study, Dr Rob Cushman from Ottawa—I believe it is the same study we are talking about—I have taken a look at his data, which have been submitted to a medical journal, and the bicycle helmet use rate in Ottawa as of 1991 is 32.5%, well above the 25% level that the ministry keeps saying is necessary; 32.5% of people in Ottawa—these are commuters, adults, children, everyone riding bicycles—are wearing helmets. This is important; Ottawa is at 32.5%. They have been doing this kind of thing for a few years. We are at 17%; we were only doing it for one year.

Let me go on to the medical proof. Because I am a medical researcher with 20 or 30 published articles under my belt, I know the field of medical literature fairly well. I would give my left arm to publish in this journal, the *New England Journal of Medicine*. This is the best medical journal in the world. It has the highest prestige and the highest impact. This journal rejects 95% of the manuscripts it receives because it publishes only the highest of high-quality medical research.

The lead article in May 1989 was a case control study on the effectiveness of bicycle safety helmets. In the hierarchy of medical research, case control studies are strong. They are counted as strong evidence. There are methodological reasons why this is so and there are statistical reasons why this is so. I would ask you to believe that this is strong evidence. This is the study you have heard quoted so many times: 85% reduction in the risk of head injury, 88% reduction in the risk of brain injury.

This is not supposition, this is not possibility; this is proof. This is the same quality of proof that would make me as a physician prescribe a new drug or say that this treatment is better than that treatment. This is proof. This article has stood the test of time. It has not been refuted because it cannot be refuted. The conclusions have been accepted. There were other studies before that had said indirectly, "Yes, bicycle helmets save lives." This is the major study that has proven this. When I hear people either directly or indirectly saying there really is not proof, sorry, they are wrong. From a medical point of view, from a scientific point of view, there is proof that bicycle helmets save lives. Let there be no doubt about that, please. Again, there are lots of other studies around that have looked at it. This is by far the strongest.

I have my eye on the clock, Mr Chairman.

The Chair: So do I, Doctor.

Dr Morris: I am sure you do, sir. Let me move now to a few other points in no particular order.

First, you were speaking to the young ladies from the high school here about peer pressure and how uncool it is to wear helmets. In many places, including in Barrie now and at my children's school, there is a thing called positive peer pressure. My kids have worn helmets since they rode bikes and they do not travel two feet on the bike without a helmet on. When they get their bikes down in March or April, they say, "Daddy, don't forget to get our helmets too." My kids do this.

Another kid on the street fell down a couple of years ago and bumped her head; it was not serious. Mom looked at my kids standing there with their bike helmets on and said, "Brian, where do we get bike helmets?" There are 10 kids now who wear helmets. Because the Morris kids and the Ruttan kids wear helmets, the Green kids said to their dad last year, "Daddy, where can we get helmets just like those neat helmets the other kids wear?" At our kids' school the helmet use rate is well over 50% because we have pushed them at this school and it is the accepted thing to do.

Within a year, within two years, it can very quickly become the accepted thing to do in any small group, in any city, in any population. We are very close to the break point, with Ottawa at 32.5%, with Barrie at 17%, with East York climbing rapidly, with the various schemes that are under way across the province. This is taking off and this is why legislation is mandatory now, because legislation will be additive to everything else. Because a good proportion of the population is now wearing helmets, they are accepted. Nobody any longer looks and says, "What's that thing on your head?" For legislation to be added now, with a phase-in

period, if you like, of a year or two—I think it is an excellent idea—would make the whole thing work much more effectively. Education will work better if there is legislation. Subsidies will work better if there is legislation. Legislation works better if there are subsidies. The whole thing works together, but we need legislation.

There is an army across Ontario is working to do this already, free of charge. We are volunteers. We are not entirely Dianne's army but at times it feels like it and that is good with me. There is an army of people working out there right now to encourage bicycle helmet use. You have heard from a lot of them and you will hear from a lot more. This army needs legislation to make it really happen. We are counting on this legislation and your help to make it happen.

1750

Briefly, with regard to cost, there are lots of ways around the cost of helmets. Every major chain has offered bicycle helmets for less than \$25 in the last year. A bicycle costs whatever. There have been innovative schemes elsewhere. In one American state a \$50 fine for not wearing a helmet is rolled into a special fund which is used solely for education and buying helmets for low-income families. It is a beautiful scheme. The fines pay for helmets for people who cannot afford them. It all works together.

The Canadian Medical Association scheme, of which I am very proud, offered excellent, CSA-approved helmets for \$20. The response was overwhelming: 20,000 helmets went out during the first couple of months of the program across Canada. This scheme is available next year. If legislation is enacted soon you can take advantage of this scheme and get a drug company to subsidize the helmets for you, for us, for our children. If this legislation is enacted with a phase-in period there is no excuse for cost. You can get a CSA-approved, high-quality helmet for \$20 without a problem. As the volume of sales goes up, the price will come down.

I feel legislation must apply to all ages. There has been excellent research I was proud to take part in through the Hospital for Sick Children. It showed that children most likely to wear helmets were riding with adults who were wearing helmets, presumably their parents. You have to get parents wearing helmets to set the role models for the kids. So it has to be for all ages.

I do not feel enforcement is a bugbear, because our police are looking forward to positive enforcement. They have already started to talk to McDonald's to get french fries coupons so that if they spot a child wearing a bicycle helmet the kid gets a coupon, runs home and tells the other kids: "Why? Because I was wearing a helmet, this is what happens." There are lots of positive reinforcement schemes that can be done.

This is Ontario's chance to lead. No other Canadian province has done this yet. From a medical point of view, there are lots of ways in which Ontario does not lead; this is a chance for us to lead. This is a chance for Ontario, not to be the first in North America and certainly not the first in the world, but to be the first province in Canada to take a very positive, useful step towards better health for all our citizens. Thank you, folks. I would entertain any questions if we have time, sir.

Mr Dadamo: I guess you said we have to educate the grown-ups before we get to the kids.

Dr Morris: Yes.

Mr Dadamo: I think we need to get the awareness factor up to that 25%. What I do not understand is why it would be 32.5% in Ottawa, why it is lower here and why—

Dr Morris: It entirely depends on how long that particular community has been working towards this and how hard they have been working. Our group has been working very hard and we have only done it for one year. We had only done it for one cycling season by the time we collected those statistics. That is a short time, but in that short time we tripled bicycle helmet use. Dr Cushman and his group have been doing this in Ottawa for four years and that is why the difference.

Mr Dadamo: Yes, I think the key component is to phase in a program where we can do the education, and kids finally realize that maybe it is cool to wear a helmet, and maybe get a role model for the kids.

Dr Morris: Again, I feel strongly that education without legislation—I do not care if it is 1993 legislation; the fact that the legislation is on the books and is going to be coming in will give the education punch.

Mr Waters: Could you elaborate on the fine? I found that quite interesting. You were saying in one area they levied a fine if you were caught without your helmet and it went to purchasing—

Dr Morris: Yes. It was rolled into a special fund.

Mr Waters: Do we know where that is?

Dr Morris: I believe it is New Jersey. Mrs Cunningham, do you know?

Mrs Cunningham: About the fine; you mean the \$20?

Dr Morris: The one American state where it is rolled—

Mrs Cunningham: The state of Maryland did that.

Mr Waters: The key thing we keep hearing here is the cost. With adults spending \$3,000 for a bicycle, I cannot see where a \$20 helmet is going to bankrupt them. There are a lot of children out there at the lower end and that is a very interesting thing. I would like us to maybe look at that when we are making our recommendations.

Dr Morris: Again, numerous retailers who belong to CHIP have said to me: "Brian, if a school wants 100 helmets or 200 helmets, we'll get you \$15 helmets. If we're going to move 100 helmets this afternoon we'll give them to you for \$15." Any group that wants to make this happen can make it happen.

Mr Waters: One quick one: winter riding of bicycles. I come from just north of you. I have some concern and I would not mind your comments on people riding bicycles in the winter, especially with the conditions you face in your community, and without helmets.

Dr Morris: Without helmets it is ludicrous. Even with helmets I think it is difficult, but our group, Mrs Cunningham and most of the groups you have heard have taken a one-issue stand. I do not feel I want to talk about brakes, horns and riding on this side or that side, riding in winter

versus summer, lights and other bicycle-safety issues. I am not denying they are important, but there is no other single issue with regard to bicycles that has shown this kind of impact. Our group has never talked about anything else but helmets because this is the one thing we can make happen that has the biggest impact. I do not ride my bike in the winter, but I am sure it can be done safely in the proper circumstances and with a helmet.

Mr Cleary: I would like to thank you for how far you have come in a short time. As I mentioned earlier, we talk about a number of issues—education. I speak to a lot of students and I think the place to start is in the schools. In our part of Ontario we start on the environment in the schools and it is really rubbing off. They are the ones who go home and get after their parents, so I think that is a good place to start. Whether it is a period of a year or two to start it, I do not know. Thank you for your presentation again.

Mrs Cunningham: Dr Morris, I cannot thank you enough. My colleagues on this committee have witnessed the enthusiasm of somebody who has shown wonderful leadership in his own community and in the whole community of Ontario. From my point of view, when I first got involved in this, never thinking it would come this far and realizing now that it is a reality, with the help of people like you and the nurses who came today with, by the way, very specific recommendations that we will look at—that is the first brief we have had with every issue dealt with in a specific way and I am sure it took them a long time to come to a conclusion around every point they made.

From my own staff's point of view, we have had hundreds of phone calls and letters over the last two or three years and we are convinced Ontario is ready for this. This committee has been extremely non-partisan and open and we know we are going to have to take a look at the issues of enforcement of bicycle helmets. We have all been convinced, I think, on bicycle helmets and we were not when we first came. With the experts who have come here so far, I do not think one of us would have said you could not get one that people could afford, that they can be manufactured here in Ontario—hopefully by Canadian companies if we give them a couple of years' lead time—and that we are absolutely convinced education has not worked, because everybody who has been involved said they have been involved for a very long time.

It is up to us to take the political bullet here and move forward, but you have been a great source of support to my staff and me and I want to thank you here in front of everybody.

The Chair: Thank you, Mrs Cunningham. Dr Morris, the committee thanks you for coming down from Barrie, for the time you spent this afternoon, as well as the time preparing your submission. Accept our gratitude and please keep in touch.

We will meet again on Monday at 3:30 and, subject to anybody saying otherwise now, we are going to start at 3:30 regardless of who is here, because people have to wait and that is not fair to the people who have to wait.

The committee adjourned at 1800.

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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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Arnott, Ted (Wellington PC)

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Le lundi 9 décembre 1991

Standing committee on resources development

Highway Traffic
Amendment Act, 1991

Comité permanent du développement des ressources

Loi de 1991 modifiant
le Code de la route

Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday 9 December 1991

The committee met at 1531 in committee room 1.

HIGHWAY TRAFFIC AMENDMENT ACT, 1991

LOI DE 1991 MODIFIANT LE CODE DE LA ROUTE

Resuming consideration of Bill 124, An Act to amend the Highway Traffic Act / Projet de loi 124, Loi portant modification du Code de la route.

The Chair: It is 3:31. We are going to start because it is imperative that we stick to the schedule that has been set out. Otherwise people will be shortchanged in the amount of time they have to spend with the committee.

TORONTO CITY CYCLING COMMITTEE

The Chair: We have the Toronto City Cycling Committee represented here this afternoon. Welcome. Please introduce yourselves, tell us who you are, and then commence your presentation. Please try to go no longer than 3:45, so we have 15 minutes left for questions and dialogue with you.

Ms Michael: I am Marsha Michael. I am a member of the Toronto City Cycling Committee. I am the chair of the education and enforcement subcommittee.

Mr Egan: I am Daniel Egan. I am actually a member of the planning and development department for the city of Toronto, but I am one of the staff people who work with the city cycling committee and I am considered the bicycle planner for the city of Toronto.

I am going to start off by putting our presentation in context, then Marsha will wrap up by making some specific recommendations about how we see the bill coming forward.

First, I would like to thank Dianne Cunningham—I guess she is not here yet—and the other members here for taking on this issue, which we think is very important.

I do not think there is any question that helmets save lives and reduce head injuries. I do not think we need to spend a lot of time debating whether helmets are a good idea; we know they are a good idea, we know helmets save lives. In the cycling community for about 10 years now we have been saying 75% of bicycle deaths are as a result of head injuries. We have been promoting helmets through a number of different means for a long time.

I personally have been wearing one since 1980. I used it for the first time last Tuesday. I have never had to use it before that, but I fell on some ice and hit the back of my head on the road. Luckily, I was wearing this. It is the first time I have used it in 11 years and I am glad I had it on.

I do not think there is any question that helmets are good idea. It seems the question for this group is, how do we get helmets on cyclists' heads? How do we do that effectively and, I add, how do we do it fairly? We will present you with some specific ideas on how we do that.

When I was here last week there was a lot of debate on the rights of the individual versus the rights of society. It has been argued that you can infringe on an individual's rights to benefit society in general. Again, I do not think there is a whole lot of question around that. We have the precedent with seatbelts and what have you, where it is clearly demonstrated that there is a benefit to society in general. It seems, in our society's view anyway, to be okay to infringe on an individual's rights—in this case, the right to choose not to wear a helmet—where there is a significant benefit.

However, I would like to argue today that society also has a duty to the individual. As well as myself, as a cyclist, having a duty to society to be safe, to prevent head injuries, to reduce the cost to society of head injuries and deaths, I think society also has a duty to protect the safety of the individual, in this case the cyclist. To date in Ontario, that responsibility on the part of the province has not really been met. We spend a lot of money on highway safety, improving road design to prevent accidents, but we spend no money on bicycles at this point, except a little that gets spent on safety programs. We spend virtually nothing on bicycle facilities and preventing injuries, making the roads safer for cyclists.

As an example, riding to Queen's Park today, there is only one place I could find to park my bike. It is not an adequate bike rack. It is not a secure bike rack. I ended up locking it to a flagpole. To me, that does not demonstrate that there is a serious concern on the part of Queen's Park or the province for my rights as a cyclist to get around in this city by bicycle, which is a legitimate form of transportation. Unfortunately, the Ministry of Transportation bicycle policy does not recognize bicycles as a viable means of transportation in the city.

The Chair: I am going to interject at this point. None of the people who have been here, many of them bicyclists, have made that point. I am going to ask that the clerk make sure the whips' offices have that portion of your comments pointed out to them promptly so that—

Mr Daigeler: Legislative Assembly.

The Chair: Mr Daigeler, if you would not interrupt—so that the whips' offices can do what they would have to do.

Mr Daigeler: Mr Chairman, as you are interrupting, I think any prerogative the Chairman has, the members of the committee can take as well. You interrupted the same way I am interrupting you, Mr Chairman.

The Chair: Mr Daigeler.

Mr Daigeler: Yes, Mr Chairman, I can hear quite well.

The Chair: If you and I are going to get along this afternoon—

Mr Daigeler: It is not a question of getting along. It is a point of the prerogatives you are taking yourself.

The Chair: You have already used up 30 seconds of the Liberal caucus time in terms of questions, and if you want to use up more it is okay. What I am telling you is that I appreciate that comment and I am going to ask the clerk to bring those comments to the whips' attention so that the whips' offices can do what they have to do to try to seek a remedy to that situation. I mention that because I did not want that comment to detract from any caucus time in terms of asking questions. Please go ahead. I appreciate that comment.

Mr Daigeler: Mr Chairman, can I please comment on your comments?

The Chair: No, sir.

Mr Daigeler: I think you are using your prerogative as Chairman in a way that is quite uncalled for.

The Chair: You have now used up a minute of the Liberals' time. Go ahead, please.

Mr Egan: I would really appreciate finishing off. It will not take much longer.

To summarize, it seems to me that all the onus is put on the individual, in this case the cyclist, for his or her own safety, which we have heard it argued will in turn save the government and society millions of dollars in health care costs. I am saying there is a responsibility on the part of the government also to take measures to reduce injuries, not just reduce the severity of an injury when it happens but reduce injuries to cyclists by better road design, what have you.

To illustrate that point, as a bicycle planner from the city I get calls all the time from other municipalities in Ontario. Usually what happens is that they call the Ministry of Transportation office in their area first. When they discover there are absolutely no bicycle standards at all, they call the city of Toronto because they know we are working on it. I think it is time for the province to assume that responsibility and for the city of Toronto to stop acting as a provincial cycling resource.

The Toronto City Cycling Committee supports the legislation in principle, and for us to do that is a leap of faith. We are trusting you to do it fairly, effectively and with genuine concern for the safety of all cyclists, not just the cyclists who have head injuries—and we want to reduce those to save costs—but all cyclists who are on the road.

To sum up, as an analogy we teach a nationally certified program for adult cyclists. It is a 21-hour course, half of which is in the classroom and the other half on the road. It is to teach people how to ride in traffic. We teach three steps to accident prevention. The first is how to anticipate and prevent accidents. The second is how to handle your bike with sufficient skill to avoid an accident that is imminent. The third is to wear a helmet. The third is the last resort. When all else fails, you want to have the helmet on. That is your insurance policy, but there is a lot you have to do before you put that helmet on your head.

That is an analogy, for the provincial government to consider the helmet legislation as important but only one part of the picture. I do not think you can lose sight of that.

1540

Ms Michael: I would like to give the committee a little background about the Toronto City Cycling Committee. I do not know how many of you are aware of who we are and what we do. We are a special citizens' advisory committee to city council and our mandate is to increase bicycle use and improve safety for cyclists. We advocate for cyclists of all ilks and we have particular emphasis on the bicycle as a means of transportation. We have subcommittees which deal with such items as bike lanes, bike paths, road conditions, bike parking, cyclist and driver education, which Dan mentioned, enforcement and commuter cycling programs. We are in touch with the needs of cyclists at a lot of different levels.

As Dan mentioned, we support mandatory bicycle helmet use, provided that the law is implemented in a fair and constructive manner. We prepared the report you have in front of you after in-depth consultation with our committee and members of the public to try to give you some suggestions for the areas we think are absolutely imperative to address to make the bill meet its stated intention of injury prevention.

In the time I have left I would like to mention a few of the highlight areas in the bill. The number one important thing we think that is going to be necessary to make this legislation work is implementation. In that regard, we are suggesting that you immediately establish an implementation advisory committee to ensure that the implementation is accomplished in a manner that will ensure that the stated goal of the legislation, injury prevention, is met. In that regard, we are suggesting that the committee be comprised of representatives from the cycling, medical and police communities—all of whom I am assuming you will be hearing from over the period of this hearing—helmet manufacturers and representatives of all the affected government ministries, Transportation, Health, Consumer and Commercial Relations and Community and Social Services. This committee would work to co-ordinate the education program and communications strategy, as well as advise on the best cost-relief measures and determine an appropriate phase-in period. Having such a body oversee implementation will provide the needed guidance to ensure the bill can meet its stated goal of injury prevention.

You will notice as you read through this report, as time allows, that all of our recommendations are in that same direction: What can we do to make this bill work? In that regard, we are also recommending that public awareness, education of the public of this law, be funded. We are asking you to consider funding of \$800,000 a year until adequate quotas are met. This is somewhat comparable to the public education program that was carried on when seatbelts were introduced to bring voluntary compliance up to a point where all the onus did not have to fall on the enforcement officials, and to give cyclists the information about the laws being passed. We get calls in our office all the time from cyclists who complain that they got a ticket for not having a light on their bike because they do not know it is the law. We think it is unfair and discriminatory to enforce laws against cyclists which have been passed without public knowledge. That is one of the key reasons we are asking for education in that regard.

Accident prevention: Dan mentioned the education courses we currently hold. We are working hard to develop a pool of instructors. We are starting from almost nothing, but we are finding an incredible response among members of the public, from people who have just started cycling to people who have been cycling for 20 years—"That's how you do it. That really works"—on ways to be considerably safer in traffic. We are asking you to support that effort by incorporating cycling programs to child cyclists through school and community programs, which we are already doing, but we really need some assistance in our effort, and to hire cycling educators trained to offer bicycle education courses to adult cyclists throughout Ontario.

We have several other recommendations around that, but I want to highlight the key ones in this short time I have left. Cost and availability of helmets is something that we think is essential to be addressed, otherwise, if you pass a law that requires people to purchase expensive equipment, there are going to be implications to people from low socioeconomic status groups who simply cannot afford to. For instance, maybe they have \$10 garage-sale bikes, a single mother or a middle-class family has four kids, and now they have to go out and pay \$140 for four helmets. It is an incredible cost and we think this area has to be addressed.

Availability also: If you pass a law tomorrow that says everybody has to have a helmet, where are these 2 million helmets for cyclists in Ontario going to come from? We have been in contact with helmet manufacturers to ask them how long they need to get these 2 million helmets on to the market. We have received one reply to date which has told us that if all the helmet companies geared up today they would need a year to fill the market.

We are asking for a phase-in period, which I have already alluded to. This would be a period that would allow for increased voluntary compliance, as I mentioned, educate the public and allow the private sector to provide helmets in sufficient numbers to meet demand. This is going to take funding. Public education campaigns do require funding to purchase the media, to make people aware not only that it is a law, but why.

The wording of the legislation is another point that is very important to us, because we want the bill to work and we want it to be fair to cyclists and fair to the general public. We are suggesting, among other things, that a directive be issued that on first offence, if the cyclist brought a receipt for a recent purchase of a helmet, the fine could be waived. This would support helmet use rather than just making it a punitive law.

We are asking for the specifications that are currently commonly accepted, the CSA-, Snell- and ANSI-approved helmets, to be specified in the regulations and that failure to use a helmet shall not be admissible as evidence of negligence in court. This is because we do not want to run into a situation where a motorist or whoever causes the accident can get out of paying any damages at all for the cyclist just because he or she was not wearing a helmet. That wraps it up in 25 words or less.

The Chair: We appreciate the brief and your comments, which were pithy and pointed.

Mrs Cunningham: I will start. It is nice to see both of you again.

Mr Daigeler: Do we not go to the official opposition first? What is the rotation?

The Chair: No, Mr Daigeler. Go ahead, Mrs Cunningham.

Mr Daigeler: Could you give me an explanation about this, please?

The Chair: Mr Daigeler, as Chair, I rotate the order in which questions are put to participants so as to be fair to all three parties. Go ahead, Mrs Cunningham.

Mr Daigeler: I am sorry. I do not understand that. Normally we rotate among all three parties and we start with the official opposition. Do you not do that in this committee?

The Chair: No. Go ahead, Mrs Cunningham.

Mr Daigeler: I will verify that with my colleagues.

The Chair: That is fine, Mr Daigeler. Go ahead, Mrs Cunningham. Mr Daigeler, you now have three and a half minutes when it is your turn. Go ahead, Mrs Cunningham.

Mr Daigeler: Mr Chairman, I am astonished at the way you are chairing this committee.

The Chair: That may well be.

Mrs Cunningham: You will be even more astonished at the end of the day, I can assure you.

Mr Daigeler: If the other members of the committee accept this, I am very surprised.

The Chair: You are very quickly down to three.

Mrs Cunningham: I would like to thank you very much for coming forth today. We did have an opportunity to meet each other late last month. I am so impressed with the presentation you have made today. I am not certain whether you have an opportunity to look at the Hansards, but we will provide you with them. Because of some of your concerns, we have been asking questions with regard to the cost and availability of helmets. I think you will be very pleased that the information you have is quite correct.

We were enlightened even further that perhaps with lead time we could manufacture these helmets in Ontario, which would be helpful. We were also given a year as a reasonable amount of time. We were assured that of course American companies would come in here and do it, but we would like to have enough lead time to even get Canadian companies going. It seems they could be sold at \$20 or less. That piece of information came from the CSA; Bill Coffman made the presentation. There are others.

We very much appreciate the public information part. I, like you, feel it has to be an extremely important part of any implementation. On the phase-in period, we have heard from a lot of people. My colleagues will certainly attest to that. I have not had time to look at your recommendations in detail and it will take more than my questions today to get some clarification.

We are feeling very good about your reasonable approach today because some of the cycling clubs are not happy about the bill. They are very concerned, the same way you are, but you have given us some very specific direction on

how this should be implemented. I know we will be considering it carefully.

I do not think you mentioned the environmental aspect, and that seems to be a concern of the cycling clubs. It caught us by surprise. They seem to think that if people are forced to wear helmets it will deter people from bicycling. I wonder if you would like to respond to that in some way.

1550

Mr Egan: I think the only environmental concern is that mandatory helmet use will likely discourage some cycling. I do not think anyone knows to what extent it will, but virtually everyone I have talked to agrees there will be some discouragement. The cycling population ranges from people who ride every day all year round to people who ride a few times a year. In our business we are promoting safety as well as encouraging people to use bikes. A large part of our constituency are those people who own bikes but do not use them very often, so it is not surprising that the cycling committee is concerned about anything that might make it more difficult to attract marginal riders. We are trying to make those people who ride six times a year ride 20 times a year, 30 times a year and more often. There is no question that there will be some discouragement; no one really knows what it will be.

Mrs Cunningham: I think we have an opportunity here in this non-partisan legislation to have a very responsible implementation period and to have enforcement practices written in and everything that is important to make this thing work so that it is accepted, because we seem to be getting a lot of positive response. I wonder if you have any good advice for us around the education part. I am personally trying to get some private funding, but do you have some good advice for us around education, something you have already done or something you think we should be building on?

Ms Michael: Dan mentioned the Can-Bike programs that are already in place. We have already been working with the Toronto Board of Education teachers. The Toronto board has made it mandatory for teachers to have this course, pass and have the certificate in order to take kids out on the road. This is a start, because it also then provides the children they are teaching the adequate information.

But we cannot do it alone; it is entirely too big a job. There are 400,000 adult cyclists in Ontario. One of our members ran a computer program that said that starting from where we are now, if we do not do something drastic it will take us to the year 2139 to get all adult cyclists in Ontario educated, never mind the children. That is why we are asking that funds be provided to ensure that these education programs can go on. That means hire cycling educators, fund school programs and really take this approach as a serious grass-roots approach. It is so important to get that voluntary compliance up because the enforcement problems are legion, which I am sure you have heard already. You have to depend in large part on voluntary compliance to make this legislation work.

Mr Egan: I would like to comment on that as well. I was a bit disturbed last week when I heard there was not any government money for education. I realize these are

tough economic times; we are faced with budget cuts at the city as well. If you do not believe this legislation is going to work, that it is going to put helmets on heads, is going to save lives, is going to save health care costs—I heard a figure quoted last week of a \$4.5 million lifetime cost for someone with a serious head injury—then we should not really be discussing it, as far as I am concerned. But if we believe it is going to work, there is an enormous amount of funds we can divert from health care costs to bike education. The figure that has been quoted, \$800,000 for a year to get this thing going, is small compared to the health care costs I believe we will save. I think that needs to be considered. It is not money coming out of thin air; hopefully it is money we are saving in other areas, and significant money.

Mr Arnott: I want to thank you for coming in today. I appreciate your comments and your recommendations, but I have a problem with the suggestion that \$800,000 be spent on education at this time. You talk about expenditure savings. That may be true. We hope those expenditure savings in the health care field will be achieved, but when the papers are filled with news stories about hospitals possibly closing and so forth I do not know how you could justify an expenditure of \$800,000. I wonder why you think that simple passage of the legislation and the associated news stories that would go along with it would not be sufficient, that people would not know that the law had been passed and that they would not start wearing their helmets without a very expensive public awareness campaign.

Mr Egan: That is a valid question. It is clear that if the law is passed some people will wear helmets. The survey results we have in Metro Toronto suggest that helmet use now among adults is anywhere from 18% to 23% and that maybe as high as 60% at this point would support mandatory helmet use if there were proper education to go along with it. But as far as we are concerned, 65% or even 85% is not enough.

Look out there. There are all kinds of laws on the books that are not enforced. It is the law to have a light on your bicycle; it is rarely enforced. A lot of cyclists do not even know it is a law. There are all kinds of laws on the books, but if they are not properly enforced and there is no proper education around them people just do not find out.

The other thing is that you cannot really compare this to the seatbelts or to helmets for motorcyclists. There is an incredible infrastructure in place for automobile drivers and motorcycle drivers. There is zero for cyclists—zero. There are millions and millions of dollars to get at motorists to get the message through—their licences, all kinds of stuff—but there is nothing in place for cyclists.

Mr Dadamo: You were talking about lead time and the need to educate people. If this were to be, it would take probably about two years to do. I would like to ask you a really simplistic question. What would your group do to publicize this to better inform your people?

Ms Michael: We have a newsletter that is monthly at this point. It is called Cyclometer. It goes out to 5,000 people at this time. We also have an impending new newsletter to corporate bicycle user groups. We would advertise

it through there. We would continue to advertise it in our courses, the way we are already recommending and alarming people with information about what the law really is. We issued a press release this week about these hearings to inform the public and to inform the press that they are going on. These are the kinds of initiatives we would take, and we would build on those.

Mr Waters: Getting back to the education, I recall being a former smoker and a former person who never wore a seatbelt. My children made me quit smoking, they made me wear my seatbelt, and that did not really cost us a lot; we did it through the school system. The schools did that to most of us parents. I do not live in Toronto; maybe you have a different system here in Toronto. In rural Ontario the schools did a number on us. We would get in the car and you would have kids coughing if you had a cigarette in your mouth—you would swear they were going to die in the backseat—or they would yell and fuss until you did up your seatbelt. Could we not do the same thing with bicycle helmets and education on driving bikes?

Ms Michael: My information is that the schoolchildren harassment mode of information was well-supported by government advertising media campaigns—the same with drinking and driving. I mentioned that \$700,000 a year has been spent over the last 10 years to change attitudes about drinking and driving. You are right. I saw somebody with their kid out of a seatbelt the other day. If their window had been open I know I would have yelled in, "Get a seatbelt on that kid." This is why we need the education and the money to fund the education to raise social awareness so that we do not need people down our throats enforcing all the time, to give the recognition that it is important to society that we protect ourselves and each other.

Mr Egan: I detect a real resistance to spending any money on cyclists. I find that disturbing. We have a pretty significant budget to spend on highway safety, which is primarily for people driving cars, and spending on transit systems, all that kind of stuff. In this province we have not made a commitment to cycling and it is probably not surprising that helmet use is so low. If you look at Australia, for example, they have had campaigns where the government spent \$300,000 in one year giving rebates for helmets, and helmet use went way up. If you look at the experience in Metro Toronto, the city of Toronto now has three full-time staff working on cycling issues, promoting bike commuting, promoting safety and developing facilities and stuff. In the last five years, bike-to-work trips increased by 77%. In the rest of Metro it went down by 17%.

Clearly if you want to get things done you have to do them properly. It is not just a matter of making a law and hoping everyone goes along. Nearly half of US states now have at least a bicycle program co-ordinator in their state transportation departments or a bicycle program which co-ordinates with different cities developing education materials, what have you. We are, in this province, I would say, at least a decade behind most US states in terms of promoting bicycling and promoting safety among cyclists. It is false economy not to spend that money.

1600

Mr Daigeler: When did your committee come into existence?

Mr Egan: The committee has been around since 1975.

Mr Daigeler: What approximately is the membership of your organization?

Mr Egan: The city cycling committee is made up of 12 citizens appointed by city council and one council member who sits as the chair of the committee. As well, we have representatives of the Board of Education for the City of Toronto, the Metropolitan Separate School Board, the Metro police department, and we have sort of ex officio liaisons with various city and Metro departments.

The committee itself is not essentially a membership organization. It is a committee that advises city council and develops policy. We install about 250 bicycle racks a year in the city. We are just concluding a major study of bike use in the city, a bicycle route study, that is just wrapping up this month. Essentially we develop policy; we carry out programs.

To give you an idea of the scope of the committee, in Ontario we have played a key leadership role. In 1985 we held a conference called Cycling and the Law. Out of that conference came the push for helmet standards. The person on the committee who is now the chair of the CSA helmet committee, Bill Coffman, was a former member of the committee. That whole thrust came out of the city cycling committee, and as well came the push to amend the Highway Traffic Act which now allows a police officer to ticket a cyclist. Before, it was incredibly difficult to do that. We have been pushing for police enforcement for years because we realize education is not enough. You have to tell people what to do and you also have to back it up. It is the same thing with the helmet stuff.

Another example of something we have produced is the city cycling skills booklet, which is now being reproduced by the Ministry of Transportation and is acclaimed worldwide. It is the most comprehensive booklet on how to ride in and around traffic. That is picked up by the province and distributed across the province at this point. Those are the kinds of things we have developed over the years.

Mr Daigeler: I represent Nepean. I think they recently established such a committee. Do you know how many cities in Ontario approximately would have such a committee?

Mr Egan: There are a number. Ottawa has one that has been around for a few years. They have just this year hired a bicycle co-ordinator. Nepean has one, Kanata has one, Kingston has a committee, Peterborough, Toronto, Mississauga, Hamilton, Burlington, London, Windsor. Those are I believe the official committees; there may be a few I am not aware of. But I would say in the last three years they have started to sprout up and there is a real demand for this kind of stuff.

The Chair: We want to thank you very much for taking the time to come here this afternoon. Your written material will be valuable to the committee. Your comments and your responses to questions were insightful and we appreciate it and hope you will keep in touch with either Mr Dadamo, who is the parliamentary assistant to the Minister

of Transportation, Mrs Cunningham, whose private member's bill this is, or whichever member you wish. Have good, safe trips back home, and I hope the next time you bicycle to Queen's Park there will be some place to lock your bike.

TRISH WOODWORTH

The Chair: We have Ms Trish Woodworth here, who is accompanied by, among others, one baby Taylor, who is, I am confident, the youngest person to attend these committee hearings—also, quite frankly, the best behaved. I include MPPs in that consideration. Ms Woodworth.

Ms Woodworth: Ladies and gentlemen, I cannot say it is a pleasure being here today. As I go on with my presentation, you will understand why.

Bill 124 is still actively under debate, and while many members have spoken in support of that bill, others have expressed concerns about the areas of costs and enforcement. Further to my reading of the Hansard reports from Thursday, June 27, 1991, and in particular the comments of the member for Essex South therein, I feel duty-bound to take up the challenge Mr Mancini presented, "in order that we may face the situation and all of its circumstances."

Unlike Mr Mancini, I will endeavour here to remain focused on the salient points and not digress from them. We are not talking about air bags. We are not talking about seatbelts on school buses. We are talking about the mandatory wearing of helmets by cyclists and the means by which these life-saving devices can be made accessible, affordable and enforceable.

As so appropriately pointed out by Mrs Dianne Cunningham, a member of the committee and the member for London North, recreational cycling has become the second most popular year-round activity across this country. Given that hockey and football are probably the two most popular sports, it would be virtually unimaginable to consider these pastimes without the use of the appropriate safety equipment. What we are in essence speaking about here today is creating a climate of enlightenment in order to change people's attitudes about maintaining and in effect preserving a quality of life.

As with the majority of commodities we are inclined to purchase, the demand for that product shapes the framework for the pricing. As people's awareness increases, the desire to maintain and thereby preserve an existing way of life creates a sufficient challenge for the market to adapt to that demand and, as a result, the prices at the very least become competitive and eventually fall.

As with other commodities, the range of both quality and price is vast and varied. Only increased demand will ensure both maximum quality and minimal cost for the average consumer. At the very least, one local cycling club in the Kitchener area discourages membership by those who are unwilling or unprepared to purchase the necessary safety equipment. I am quite sure there are other cycling clubs that have adopted a similar safety-based philosophy. In fact, there are also a number of cycle shops in Kitchener that are currently offering a 25% reduction on the price of a helmet when purchased with a bicycle.

Current information suggests that prices now vary from \$40 to nearly \$100 for the purchase of a helmet, and while there is no question that some designs could be improved upon, these changes will only come about through consumer demand.

My discussions with a number of safety experts in this area confirm that something similar to a motorcycle helmet would offer far more protection. A hard outer-core shell, a second layer of high-quality fibreglass and an inner core of protective foam would be ideal and would much better protect the area surrounding the neck and the stem of the brain.

Cycle shops would no doubt be prepared to offer incentives with regard to multiple purchases and perhaps even individual price packages to accommodate specific needs. Speculation is that owner-operators of cycle shops and sporting goods stores may be inclined to lower the purchase price of a bicycle and throw in the helmet free in order to address the pressing need for cyclists' safety.

As the popularity of cycling rapidly increases, so must grow a network of enforcement for a mandatory helmet law. If memory serves me, it is the mandate of all law enforcement agencies to serve and protect. Nowhere is there a more demonstrative manner in which to comply with this stated purpose than to adopt a system which saves lives from its inception.

Mr Mancini's points regarding an already overworked and underfunded police force are both well taken and well known. Consideration should perhaps be given to examining a civilian population charged with the responsibility of administering a system of warnings, citations or fines, as appropriate. History already dictates that some enforcement agencies have turned over the responsibility for parking infractions to municipal authorities, as any of us here who has been ticketed will attest. The significant point to be taken from this experience is that a civilian body could quite likely be engaged to carry out the workings of this type of enforcement program. A system such as this does not place a further burden on our existing law enforcers, and furthermore, moneys collected by way of fines issued for miscreants could be directed into an ancillary fund geared towards public education and awareness in this vital area.

A system of licensing all cyclists would prove most useful in terms of locating offenders of a mandatory helmet law and either levy a fine, order that person to produce a receipt for a helmet within a reasonable period, or in some cases both. Furthermore, an adequate licensing system would be a definite asset for the law enforcement officers and hospital staff to identify injured cyclists.

In preparing my presentation today I promised myself that I would not use statistics, knowing that you quite likely know them far better than I. However, on the morning of July 14, 1991, I was the mother of a bright, intelligent and vital 25-year-old daughter, Lynda Woodworth. At 3 o'clock that afternoon Lynda was struck by a car on Northfield Drive in Waterloo. Eight days later at 12 pm on July 22, 1991, Lynda was pronounced brain-dead, and I became the mother of a statistic.

1610

As she was not carrying any identification at the time of the accident, for 10½ hours Lynda remained a Jane

Doe, and it was only through the sheer tenacity and dedication of our Waterloo Regional Police Force that I was eventually contacted as her next of kin. A serial number on the can of iced tea that was found at the accident was traced back to the convenience store where she bought it. When the staff of that store confirmed that she was a regular customer, the police assumed that she either worked in the area or lived in the area. Police, armed only with the set of keys that were found at the accident, went from that point and tried every key in every door of every apartment until finally one key fitted what was Lynda's apartment. From there, my name and my telephone number were found and I began to live every parent's worst nightmare. The young officer who contacted me had the unfortunate task to inform me by telephone, as no address was evident, so we might look at licensing and having a next of kin on the licence.

Lynda's was the first bicycle fatality in the regional municipality of Waterloo. Since that time there have been three other fatalities in the same area, and to my knowledge none of those cyclists was wearing the proper equipment. A recent conversation with the neurosurgeon who cared for Lynda during those eight days and the information the nurses at the intensive care unit provided to me indicate that had my daughter been wearing a helmet, while she would have sustained some injuries, she would have lived.

The newspaper article I have attached was picked up by a national news service and reprinted in many of the daily newspapers across the country. The nationwide response I have received concerning this issue and the demand for Bill 124 to be passed into law is phenomenal and it cries out for your approval.

Trusting that my information has indicated more than just a passing or a frivolous interest in the issue of mandatory helmet requirement, I strongly suggest to all members that regardless of the actual cost of a helmet, there is an absolutely incalculable cost that I would defy any of you here today to reasonably bear. Imagine, if you can, the cost of not just burying a child, but your child. To bury your child is to have your very soul torn from you without benefit of anaesthetic. If there is anyone here today who continues to maintain that they can afford this cost, then I would argue that they possess not a formidable wealth but a poverty which springs from the soul itself.

The Chair: Ms Woodworth, I want to thank you for that. I also appreciate that MPPs Mike Cooper and Will Ferguson have taken time out of their schedules to listen to your submission this afternoon.

Mr Waters: I thank you again for coming in and I am sorry about your tragedy. My question would have to do with the little character in the first row back there. I have asked this question several times, and I am somewhat concerned. I have seen it. In fact, I actually did it as a parent: I strapped a child into a seat behind me and off I went on my bicycle. While if he falls, quite often the rider can step free, those poor little tykes cannot. I am just wondering what your feeling is on that type of thing. I do not believe there is a helmet, because you would need a neck brace with it, I would believe.

Ms Woodworth: Right. To be honest with you, I do not totally agree with strapping a child to the back of a bicycle in any case, and I never have. I think it is very dangerous. You are absolutely right; you can walk away from it but the child cannot. A helmet is not going to stop head injuries. It is not going to stop cyclists from falling. But as we have heard here from many other people, I am sure, the cost of supporting someone who has a brain injury is phenomenal. We do not have the proper facilities here in Ontario, so we have to send them somewhere else.

Had Lynda lived, it would have cost anywhere from \$8 million to \$10 million to support her life and a quality of life she was used to. It is not that we live extravagantly, but she was a paralegal who was studying for the bar. Not only have I lost a lot, but the community itself has lost a lot.

To go back to your question, I do not agree with strapping little kids on the backs of bicycles in the first place. They initially were built to ride and to be driven by one person, not two.

The Chair: Mr Daigeler, one question, please.

Mr Daigeler: Thank you very much for bringing your very difficult situation to us and for the interest you are showing in trying to prevent similar happenings. I am wondering what the response has been to the campaign you are involved with. You have given us some examples here, but perhaps you could expand a little.

Ms Woodworth: We have in Kitchener-Waterloo—I do not suggest they are really unique councils, but they are very good councils. They have a bicycle safety committee which is not an advocacy group but a demand group. We are looking at demanding that the regional municipality of Waterloo make it a mandatory bylaw. We have often been used as an example when it comes to things for trial because we are one of the larger regions. So I can really see the offspring of this, the snowballing effect.

The other things that are happening that I think are really marvellous—not that the situation is marvellous, but the public awareness. I have had phone calls from Mr Ed Good, who is the chair for the Canadian Head Injury Coalition in Vancouver. I also put him in contact with a gentleman named Tim Edgar, who lost his son on October 1 of this year. They are going to bring a bill similar to Bill 124 before the BC Legislature. I have had phone calls from every major city across Canada in support of this bill. You have before you just a smattering of people who are supporting it. Neurosurgeons, safety officers—everyone is supporting it.

I feel that if we had a licensing situation, that is where the education would come from. When we go to get our licence, we know very little about the rules of the road. By licensing a bicycle and having cyclist shops and cyclist clubs follow through with that and making sure you do have the adequate equipment and do have a licence to drive that bike—you are using a roadway, so why not license it? Why should they not be made aware of the proper rules of the road? I think education will come through licensing, through that process.

I know I am rambling here, because I am still frothing inside. The support is there, the awareness is there, and I really think that you, as politicians—that is why we elected

you to the Ontario Legislature, to make these rules for us that we cannot make ourselves, to make them laws. It is not a political issue; it is a human issue, it is a people issue. That is why we elected you.

1620

Mrs Cunningham: I would like to thank you sincerely for coming. I think you are awfully brave. It has not been very long since Lynda's death, and she would be so proud of you today, so you are just going to have to carry on and make sure this happens, with the rest of us on this committee who are working so hard.

We have been overwhelmed by the articulate, responsible presentations before this committee. People care about his legislation, but they also want it to happen in a very responsible way, fair way. I hope you will stay in touch with my office. We have even had a recommendation for an advisory committee to the government, and I personally think that is a great idea, because although I know something, and you do, too, from a very real, personal point of view, there are experts who have come before this committee. I think Ontario is leading the way. The people who have come before the committee—I believe there is nowhere that people can get better advice. We have been so appreciative, and you have added significantly today. Thank you.

Ms Woodworth: I would add a little to that. As you well know, Waterloo has an excellent university. As we speak, a group of grad students in Australia is looking into this whole bicycle safety issue, and I am sure it would share its information with you. Dr Bishop, the chair of the kinesiology department at Waterloo has just been given the Trillium grant to look into the impact on helmets for cyclists. I do not know if you are aware of that, but he would be more than happy to share his information with you.

The Chair: Ms Woodworth, the whole committee thanks you sincerely for coming here this afternoon, for sharing your thoughts with us and for making an outstanding and a very insightful presentation. You have aided us substantially, so we can but say thank you. I know I speak for the whole committee. Have a good, safe trip back home. Mrs Cunningham, the sponsor of the bill, or Mr Dadamo, the parliamentary assistant to the Minister of Transportation, would be pleased to hear from you on an ongoing basis to make sure you are kept aware of how these things develop.

Ms Woodworth: I know if Lynda were here she would be—she is sitting on my shoulder.

The Chair: That is great, and 15 years from now, when none of our names are known to any of the public, Taylor can read this transcript and recognize that—

Ms Woodworth: She sure can. As a matter of fact, when she gets her first tricycle, she is going to have a helmet. That is where we have to begin.

The Chair: Take care. Thank you.

ONTARIO PUBLIC HEALTH ASSOCIATION

The Chair: We have, from the Ontario Public Health Association, Mrs Heather Edgar, a member of the board of directors. We have 15 minutes. If you would please make your comments—you have given a summary of the issues

you want to raise—and then leave enough time for at least a couple of questions or points to be made by members.

Mrs Edgar: I am very honoured to be here today. I was asked by the board of directors to present to this committee, not only because I belong to the Ontario Public Health Association but because I also have a very personal interest and have been quite active in my own community regarding the bicycle helmet issue.

In reviewing the discussion that took place in the Legislature in June, it became quite clear to me that I really had nothing to offer this committee in terms of convincing you that bike helmets are a good thing. It seems that everybody is agreed they are a good thing, that they do prevent head injuries and that they can prevent deaths.

I thought what I would do today is try to highlight a few of the issues that I think are key ones for us to consider when we are promoting this legislation.

The first and foremost, to me, is that we recognize that bicycles are not kids' toys. Bicycles are vehicles. They are used on our roadways. They are expected to comply with the rules of the road, as are any other vehicles on those roadways, and I think we must recognize that although children ride them, they are methods of transportation.

Once a brain is damaged, it is damaged for life. Whether that damage takes place at the age of 60 or at the age of six years, the damage is permanent. We do not have a cure for that.

As we have heard, the cost to the family is tremendous in terms of the emotional drain of losing a child or the emotional drain of having to deal with a brain-injured child or family member over a prolonged period. The financial cost to families is great, and the financial cost to society of dealing with the after-effects of brain injury is also significant. We know that bike helmets work and are able to reduce these costs.

Our society has accepted responsibility for legislating protective equipment for other things. We know that seatbelts save lives, and we have legislated that. We know there are many injuries caused by unprotected skulls in hockey games, and we have legislated that. We expect people to protect themselves when they are engaged in activities in which they can be injured.

The issue of cost is a real one. Many of our children are affected by poverty, and the idea of a family of four who are barely meeting their daily bills spending \$160 for bike helmets is pretty prohibitive. However, we also realize that a family whose children are growing up in poverty has enough to cope with already. They do not need the additional strain and stress of trying to cope with a brain-injured child or family member.

I do not believe the entire responsibility for looking after our communities rests with the Legislature. I believe that we as communities also bear responsibility for the people who live within our communities. We can mobilize, and we do mobilize. We have food banks, much as we may like to think we should not have the need for food banks. We have community kitchens. We have Christmas cheer. We are able to mobilize our communities to work to the benefit of our less advantaged members.

Coalitions and groups of various organizations are able to pull together mass orders for helmets that significantly reduce the cost of the helmet. In my own children's school, helmets were made available to anyone who wanted to order through the school at a cost of \$20 per helmet. That is 50% of the cost you would pay for a similar helmet in a retail store. We were able to do that not only through parents' groups, but also through our association with retailers and with community service groups in the community. The helmets that were ordered through this particular program also were not the standard dull white bicycle helmet. We were able to order ninja turtle helmets, which were quite a hit with the younger children. We were able to order helmets that kids actually did not mind putting on their heads.

We know corporations have participated in sponsoring rebates on helmets and that they can be approached to do this as well.

Another suggestion could be the elimination of taxes to assist in bringing the cost of helmets down in the retail stores, and also to show the support of the government in recognizing that bicycle helmets are essential pieces of equipment, that they are not non-essential.

I was particularly interested in the discussion earlier about education issues. One thing we have discovered is that going into schools and telling kids they should wear helmets does not do it. In our community, which is the community of Simcoe county, and specifically in the Barrie area where our coalition was working, we had public health nurses who went into groups of school students and talked to them about bike helmets. They all knew that bike helmets were a good idea, but were they wearing them? For the most part the answer was no, they were not wearing them. Some of them actually had them hung up in their closets at home. The primary reason the kids were not wearing them was because they did not look cool; they looked like nerds if they were wearing helmets. The peer pressure was such that they did not want to be the ones who stood out. We need to make helmet use a norm within our society so that the one who is not wearing the helmet is the one who does not look cool, not the other way around.

One of the things our coalition did within our community was to apply for and receive a \$10,000 health promotion seed grant. The purpose of that grant was to promote bicycle helmet use in the Barrie area. One of the things we did with that money was spend approximately \$5,000 on the production and airing of a television commercial aimed at children. Both children in the commercial wore helmets. One wore a neon green helmet that was admired by his friend in the commercial. This commercial was aired specifically at times when children were going to be watching television, for example, during the ninja turtles cartoon show, where we knew we would capture children.

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The latest statistics gathered in the Barrie area suggest that bicycle helmet use in the area has increased over the last one to two years, to a level of approximately 17%. This is really pretty phenomenal. We believe these types of promotions can work to encourage children to wear helmets. We know there are neighbourhoods within our city where

the wearing of bicycle helmets has become the norm. Some of the other things we have done with our community are to work with service clubs such as Rotary or Kiwanis, to work with the police and to jointly sponsor bicycle rodeos which not only focus on bicycle helmet use but also focus on bicycle safety.

We had many, many young children come with their parents. They went through a safety circuit and they were awarded points for each area they passed. They were also awarded points for wearing a bicycle helmet to the rodeo. We sponsored, with the Ontario Head Injury Association, draws for free bicycle helmets and were able to distribute a few that way. There are many opportunities for us to promote bicycle helmet use in the schools, in the community and via the media.

Those were the key issues I wanted to share with you today from my perspective, and also to share with this committee the support of the Ontario Public Health Association for the amendment to this legislation.

Mrs Cunningham: You got a lot in during that 15 minutes. We heard from others in the Barrie area who gave us some good information and advice around the education programs and I am sure we will put it to good use. We thank the Ontario Public Health Association for its support.

From the point of view of public education, you mentioned the television ad you made. You spent about \$5,000 on that.

Mrs Edgar: That included production and air time. That was aired through the CKVR television station, which is Barrie-based but has quite a wide viewing audience. I have had people from even Guelph comment that they had seen that particular commercial.

Mrs Cunningham: Great. That is something we could possibly use around the province, as it has already been done.

Mrs Edgar: It has been shared in other areas and was shown, I believe, at a public health meeting. I know one of our public health associates up in northern Ontario had indicated they were planning to use it up there as well.

Mrs Cunningham: If we call you, that is something we can have access to.

Mrs Edgar: Certainly.

Mrs Cunningham: I know initially it will be difficult to come up with the funding. It will not take some of us too long a period of time to make sure we have the kind of dollars in place that we have heard about today, but certainly initially we will want all the help we can get. We would appreciate that coming from your association.

Mrs Edgar: Actually, the commercial was done through the coalition and we have a copy of it at the Simcoe county district health unit. That is my place of employment and it was through that organization that I was working on the bicycle helmet committee. I would be glad to leave a calling card with you.

Mrs Cunningham: That would be great. We need that.

Mr Dadamo: As Mrs Cunningham was saying, Dr Brian Morris was here from Barrie last week.

Mrs Edgar: Yes, Brian was part of our committee.

Mr Dadamo: Very enthusiastic, and a very fine presentation, I want to add. When we do the synopsis of this whole thing and put our booklet together after we have heard from everybody, we may want to use Barrie as an area of intense wealth. It has afforded us with a lot of information.

I understand, as I think you mentioned, that 17% of bike riders in Barrie are wearing helmets.

Mrs Edgar: That was the last figure I quoted. I believe that was one of Brian Morris's studies that he has been doing some follow-up on.

Mr Dadamo: Our studies show that the awareness factor should be about 25% in order for the majority of people to realize it is cool to wear a helmet. We are all concerned and we are all in agreement as adults—and most of us have children—that our kids should be wearing helmets. The grown-ups should be wearing helmets. Everybody should, because it makes sense. But kids in schools are still maintaining the status quo that it is not cool to wear a helmet. What I am concerned about, among other things, is how we are going to get that driven home to them, that it is cool to wear them, or at least it might save their lives.

Mrs Edgar: One of the difficulties, as you mentioned, is numbers. If he is the only child in that entire school wearing a bicycle helmet, he is not going to feel very good about it. If we are looking at it as a school population, we can perhaps concentrate first on those schools that have many of the children living in the neighbourhood and promote through parents' groups, as well as some of the other ways we have been doing it; for example, concurrently have an ad campaign, television commercials, work with the groups within that school and also sell them at the same time. Apparently if there is a reduced cost of helmets, that will promote more people to buy them.

If we can get a lot of helmets into one school community and then get children starting to wear them at the same time, I think we will have a much better chance of raising the number of kids who do wear them.

Mr Dadamo: Are we out of time?

The Vice-Chair: I am sorry, I apologize. Thank you very much for coming in. We will keep you apprised of what is going on. It was an excellent presentation.

HOSPITAL FOR SICK CHILDREN INJURY PREVENTION PROGRAM

The Vice-Chair: The next presenters are the Hospital for Sick Children injury prevention program. Would you please step forward. I understand you are going to set up.

Dr Wesson: We can start talking while they are setting up, if you like.

The Vice-Chair: We have to get you to introduce yourselves for the sake of Hansard so maybe we can start with that.

Dr Wesson: My name is David Wesson. I am one of the surgeons at the hospital. We represent the hospital as a whole and also the Hospital for Sick Children and Kiwanis injury research and prevention program.

The people who are sitting with me are Ms Laura Spence, a nurse who is really spearheading all of our community

injury prevention work; Dr Pat Parkin, who is a paediatrician with a strong interest in injury prevention; Dr Des Bohn, who is a staff physician in the intensive care unit and unfortunately has to treat a lot of the kids who come to the hospital with bicycle-related head injuries; and Dr Xiaohan Hu who is an epidemiologist who is providing some of the scientific foundation for our injury research activities.

There are really three components to our presentation. The first is a short videotape which will allow us to present to you at least an idea of what happens to kids who survive severe bicycle-related head injuries. I think you have heard a bit about fatalities and the statistics tend to be kind of numbing, but we have a short video which contains some information and some opinions from two kids who were involved in this type of injury.

We are going to tell you a little about our educational program we have developed and piloted, first in the city of Toronto and then more recently in the borough of East York, which actually is a program which works. It is something that has been of proven value in increasing bike helmet use by kids.

Next, we will present some information about parental attitudes that we have gleaned from questionnaires through our Be Bike-Smart Week at East York schools and through a phone survey about parental attitudes towards cycling behaviours that we have been doing more recently. This information indicates very strong support among parents of children in the province, at least in Toronto anyway, for mandatory bike helmet legislation.

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As a slight aside, attached to the outline of our submission is a coroner's inquest report that I participated in a couple of weeks ago in Sudbury, where a child was hit by a car on a highway and died of a massive head injury. You will see that the first recommendation of this coroner's inquest is that mandatory bike helmets be introduced in the province of Ontario.

The final thing, and we are not experts on enforcement of legislation, is that we thought we should give you our opinions about some practical issues around this legislation and what we think you can do to help make it work.

Let me briefly give you some background as to why we became so interested in this. Back in 1985 we were looking at all the trauma statistics from our hospital and we found that 20% of all fatalities in the hospital over a two-year period related to injuries caused by bike accidents. This led us to a review of all the Ontario coroners' statistics, which was facilitated by Jim Young, who is now the chief coroner for the province.

It confirmed that a very high proportion of all trauma deaths among children in the province are related to bike accidents. The actual statistic for the province as a whole is 15%, so 15% of all children who die of traumatic injuries in the province were hurt when they were riding their bikes. The vast majority of these deaths were caused by head injuries and none of the cases we have reviewed was wearing a bike helmet.

That is why we became so interested in this as clinicians involved in treating patients. This is unique in the sense that there is a known prevention strategy, namely,

bike helmets. If we knew how to prevent cancer, we would be fighting just as hard to do that, but here is one example of a major health problem for which a solution is apparent, and we feel very strongly that we should do our best to get this legislation passed. I am going to turn over to Des Bohn now, who has the perspective of the intensive care unit and will show you the video.

Dr Bohn: This video was made for two of the TV stations in Toronto at the beginning of the summer when we were obviously going to experience the first rush of bicycle injuries.

[Audio-visual presentation]

Dr Bohn: I think no one speaks more eloquently to this point than the victims themselves. It is unfortunate that in society we always have to learn our lessons the hard way.

I can give you two perspectives on this issue, first from being a physician who has to care for children who suffer severe head injuries after cycling accidents, and second, as I mentioned in the video, as a cyclist myself. I use my bicycle as my primary form of transportation to get to and from work every day.

It was brought home to me as a physician shortly after I joined the staff of the intensive care unit, when a 12-year-old child who was riding his bicycle through the streets of Toronto hit a curb, fell off his bicycle and was admitted to the hospital with a severe head injury with an intercranial haemorrhage. It so happened that the child's mother was a nurse in the hospital, so I learned at first hand the devastating consequences of a severe head injury. That child went on to die. It has been very eloquently expressed to you this afternoon by a former submission at this committee hearing what devastating consequences on a family result from the death of a child. This child was 12 years of age and I am sure this family has never got over the death of that child.

In July of this year an eight-year-old child was hit by a delivery truck while riding his bicycle. That child survived but has never left hospital since the accident, and probably will never leave hospital.

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The devastating economic and social consequences of an injury of that severity are incalculable. They are incalculable to those of us who work in caring for these children medically, and also to society which has to support a child with a severe injury of this nature who may in fact survive 10 or 20 years but will be permanently institutionalized.

From my perspective as a cyclist, I frankly feel ashamed at times when I see the way our laws regarding bicycles are enforced in this city and in this province. I think it is time we took some measures to protect the cyclist from probably his or her own folly, but really to prevent the consequences of injury which can be, I think, readily reduced by the enforcement and wearing of bicycle helmets.

Dr Wesson: Laura Spence is now going to tell you a little about the educational program which we set up in response to this perceived need. We felt right from the beginning when we discovered this problem that legislation was the answer, but we also realized that legislation would only be possible in an environment where the general public and the politicians were informed about the

issue and had acquired a degree of acceptance of this. We thought the most efficient way to get them out to the community was through the school system, and that is how the Be Bike-Smart Week program got started.

Ms Spence: Our first helmet fair was organized by Martha McKeown, a city of Toronto public health nurse at Whitney Public School in the spring of 1990. The week of activities for parents and students was designed to promote bicycle helmets. We had information on the need for helmets and the effects of head injuries sent home to the parents, and an evening lecture was given to the parents by our staff. Activities such as poster contests, fashion shows, helmet fittings and helmet sales were organized for the students. The event was highly successful. An 80% increase in bike helmet use was seen by our observer.

A questionnaire was also mailed to all the parents of the school to gain feedback about the program and to ask general questions about bicycle safety issues. Of the 110 questionnaires received, 88% thought bicycle helmets should be mandatory for all child cyclists and 81% supported legislation for all cyclists.

Dr Wesson: Being sceptics, we thought we should test the effectiveness of this intervention in a controlled fashion. The Ministry of Transportation was kind enough to fund a prospective trial of this program in the borough of East York this summer. This study was carried out by Dr Parkin.

Dr Parkin: Let me tell you that after the initial success with the bike helmet fair, we established a Children's Bicycle Helmet Coalition in the city of Toronto in 1990. We had a five-year objective that was threefold: first, to reduce children's cycling fatalities by 50% over the five years; second, to double helmet use each year to a level of 40% by 1994; and third, to do what we are doing here today, which is to explore the feasibility and possibility of mandatory legislation.

In 1990, in both East York and Barrie—you heard a little about Barrie today—we did a surveillance study and found that in children five to 14 years of age only 3.5% were wearing helmets. We looked at issues that might help us understand why children do not wear helmets. We found a trend towards higher helmet use in children who lived in areas of higher average family income; however, this was not in any way as strong as the evidence that we found about the relationship between peer group pressure and parental influence.

We found that when kids were riding bicycles with adults who wore helmets, who we presumed were their parents, their helmet use rose dramatically, up to 86%. That is a dramatic increase, from the baseline of 3.5% to 86%. We concluded from that study that the factors associated with helmet use included average family income and, probably more important, peer pressure and parental influences.

In 1991 we studied the effectiveness of our educational program in the borough of East York. We delivered an educational package with the public health department to two schools in some of the higher socioeconomic areas and two schools in some of the lower socioeconomic areas in East York. We have just done our preliminary analysis. Across the entire board of East York, our helmet rate has

increased from 3.5% in 1990 to 16% this year. What I want to point out to you is that in the high socioeconomic areas the rates rose very dramatically, up to 48%. We had no difficulty sensitizing this population to this very important issue. Unfortunately we were slightly less successful in the lower socioeconomic areas, and their helmet use only doubled from the baseline of 4% to 8%.

We should also tell you that we asked in the questionnaire about mandatory legislation. Approximately 80% of all parents in those schools that participated in the program felt mandatory legislation was something they were in favour of.

Let me reiterate what we have concluded: Bicycle helmet use among children is low, but it is slowly increasing; socioeconomic factors do play an important role; positive peer group pressure is an important factor; parents are very important role models, and that is why legislation is important for adults as well; educational programs to address children and their parents are very effective; parents seem to be ready for legislation and, finally, we need to develop some special strategies to address economically disadvantaged children.

Dr Wesson: Finally, Dr Hu has some comments on a study he is conducting right now.

Dr Hu: We are currently conducting a randomized digital telephone survey to examine the parental attitudes, their knowledge and their attitudes about bicycle practice and injuries in children. One of the questions we asked in the survey was specifically whether they support legislation that will mandate bicycle helmet use in children. Of the 521 responses we have to date—we are still conducting that survey—423 confirmed they would support such legislation, and that is 83%. Only 45 families said they were against such legislation, and that is only about 8.6%. There were also 43 parents who said they had no idea about this legislation at all. Both our school-based program and also a population-based survey have confirmed that such legislation is a popular one and will get support from the majority of communities.

Dr Wesson: Dr Bohn is going to finish with what we think are some practical suggestions for this legislation.

Dr Bohn: This afternoon you have heard some very graphic testimony regarding the devastating consequences of bicycle-related head injuries. We have done some very careful research to show there is a wide acceptance among the public at large for the introduction of compulsory bicycle helmet usage.

However, we are practical people and we realize we will not be able to change the world overnight. We do accept that there are some valid concerns regarding issues such as cost, education and enforcement. We have read the report from the Toronto City Cycling Committee, and it would be largely in agreement with most of the points it raises in that.

We realize things like cost can be a disincentive to families investing in bicycle helmets, but there are programs such as the Canadian Medical Association-sponsored program which reduce cost to parents by using a sponsor certificate that allows them to reduce the cost substantially.

We think the public still needs to be educated, that this is a good thing and this is the right thing to do. Money must obviously be invested in an education campaign so that this is universally accepted as a good piece of legislation.

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The enforcement issue is worrisome to the Toronto police, who feel it would be difficult to enforce, but I think our point would be that we cannot afford not to enforce it. We have seatbelt legislation. I think that is another issue where it is not enforced. We have legislation on the books and we are not enforcing it. Something like seatbelt legislation is clearly shown to be lifesaving, yet we are not enforcing it vigorously enough.

If you educate the public that this is the right thing to do, it will accept enforcement as being the right way to implement the legislation. I am not saying we should advocate enforcement as soon as the legislation is enacted. There obviously must be a lead time so that the public will accept this, but at some stage the issue of enforcement must be taken on by those people who are paid to enforce our legislation.

Getting children to wear helmets is going to be a difficult thing, but peer pressure is something that counts very much in the way children view things like bicycle helmets. Adults have a great role to play here in providing a very good role model for children, but if we can get people like the Hell's Angels to wear motorcycle helmets, we can get children to wear bicycle helmets.

I think this is good legislation. This is lifesaving legislation. We recommend it to you highly.

The Chair: Thank you, people. Mr Dadamo, a brief question. No lengthy preamble, please.

Mr Dadamo: Oh, my goodness; there is never any time.

They say doctors do not make house calls, and here we have five. Thank you very much.

If the child is riding a bicycle and trips over the curb, bang, hits his or her head, at what point is all the damage done? Do you have to have a hairline fracture? Do you have to toss the brain around?

Dr Bohn: The first example I quoted to you in fact was a low-velocity injury. If a child is hit by a car when riding a bicycle, that is a high-velocity injury and the injury to the brain is going to be enormous with or without a skull fracture. A skull fracture is neither here nor there. The first example I used was an example of an everyday accident. When you were a child, how many times did you fall off your bike?

Most of the time it is a bump or a bruise and that is it, but this was a child who had a low-velocity injury. His bike hit a curb, he tipped off his bike and his head hit the curb in such a way that it caused a brain haemorrhage from which he died. A bicycle helmet would have saved his life without a doubt. You can dispute the second example, that the child could have been saved by a bike helmet, because that was a high-velocity impact injury, but in the first example there is no doubt about it.

Dr Wesson: The short answer is that in the majority of cases, the damage is done right at the moment of impact. Primary brain injury is really the problem here. Sometimes

haemorrhage creates a secondary insult, but in most cases the damage is done at the moment of impact.

Mr Dadamo: I have to be brief, the floor director says. Even wearing the helmet, if you take a good, substantial blow, that is going to protect you?

Dr Wesson: You have probably heard already.

Mr Dadamo: You take a hard jolt with the helmet on, but the brain still gets—

Dr Wesson: The whole problem is how you decelerate the brain, and that is what the helmet design is intended to do. It is to give you an extra few milliseconds and a few millimetres through the egg-carton, crushable inner lining of the helmet so you do not stop quite as suddenly. That can make all the difference in the world.

Mr Daigeler: Could you tell me more about the survey you initiated? What is the population base for your survey?

Dr Hu: The population base of the survey covers the whole of Metropolitan Toronto. We are using a randomized digital dialling technique to ensure that representatives of all the population will be covered.

Mr Daigeler: It is a random sample of the total population?

Dr Hu: Exactly.

Mr Daigeler: And 80%, you said, are in favour of—

Dr Hu: It is 83% to be exact.

Mr Daigeler: What was the question you asked?

Dr Hu: The exact question is, would you support legislation that will mandate children wearing helmets on particular roads as required for motorcyclists? That is the exact question we used in this survey.

Mr Daigeler: This surprises me. I am just a substitute member on the committee today so I do not know whether any other surveys have been done in that regard. Are you aware of other surveys, and how does that result compare with these other surveys?

Dr Hu: I do not think such a survey has ever been done either in Metropolitan Toronto or in Ontario. There are similar comparisons in the States. Most of the surveys were done at the local level for a specific program like a school program. They generally have a low response rate because those who do not participate in the program, let's say parents who have busy schedules, are not interested in it and will not get involved, so you generally have some low response rates. Plus, the population you are targeting depends on where the school is located. It may only reflect a certain socioeconomic status in the families, so that is not a good representativeness of all the surveys we are talking about.

Mr Daigeler: If the results of that survey are available, could you make that available to me, please?

Dr Hu: Of course. When it is complete we will certainly provide all the details and all the statistics you need. As I said, our target is looking at close to 700 telephone surveys. We are now getting close to 600 and we are still compiling for another 100. We should be finishing up in about another two weeks. This research is funded by the Easter Seal Society.

Mrs Cunningham: Thank you very much for appearing before the committee. Every time somebody comes we learn something new. I did want to observe that it is important, we do not normally have a bright young scientist like yourself doing some extremely credible research. You may laugh, but you can answer my question any way you like. The one piece of literature we have all been so impressed with is the one that was published in the *New England Journal of Medicine*. Where are you going to publish yours?

I am interested in this study as well. It is not that everyone is as lucky as we are. At the same time as we are trying to persuade the politicians in this province that it is important, we do not normally have a bright young scientist like yourself doing some extremely credible research. You may laugh, but you can answer my question any way you like. The one piece of literature we have all been so impressed with is the one that was published in the *New England Journal of Medicine*. Where are you going to publish yours?

Dr Hu: As soon as we have compiled all the statistics that are convincing and we are sure it has post-scientific merit that is acceptable by a reputable journal.

Mrs Cunningham: Good response. We have a very humble scientist here. That is it.

The Chair: People, thank you very much. You probably know you are the third group of professionals from the Hospital for Sick Children. All of us have been impressed with the dedication and commitment and generosity of goodwill coming from the staff at that hospital.

You, as your colleagues before you, have made an invaluable contribution to this committee's considerations. All of us thank you. We appreciate your work and we trust you will keep in touch with Mrs Cunningham, who is the author and sponsor of the bill, and with Mr Dadamo, who is the parliamentary assistant to the Minister of Transportation. They likewise will be trying to keep you advised of how things develop. I trust that if we need your help again, you can come to our aid.

Dr Wesson: You can count on us.

The Chair: All of you, thank you very much. We appreciate it. Take care, people.

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HUGH MacMILLAN REHABILITATION CENTRE

The Chair: The Hugh MacMillan Rehabilitation Centre; Dr Peter Rumney, director of the head injury rehabilitation program. Good afternoon, doctor. Please tell us what you will. Try to leave us at least 15 minutes out of your 30 minutes to ask questions and we will try to distribute the remainder of the time as equally as possible among the three caucuses.

Dr Rumney: I think I will be at somewhat of an advantage during my presentation, because my friends and colleagues from the Hospital for Sick Children have done most of my presentation already. I have passed around a brief handout, which just gives you an outline of what I am going to be talking about.

I must open by saying that we at the Hugh MacMillan Rehabilitation Centre feel that if this upcoming legislation is passed, it will be a godsend. It is quite clear that the legislation is straight and to the point. I wish it could be

applied to all bicycle riding on all terrains, but it is a good start to reduce the incidence of head injuries while on highways. Some of the issues that have been brought forward have been mentioned by yourself and other members in discussions in the House about cost, and certainly, as Dr Bohn and his team and Dr Wesson discussed, the cost of helmets is a very related sort of thing. The initial cost of approved bike helmets was in the neighbourhood of \$80 per helmet.

I have given Mr Dadamo two demonstration helmets, one which is old and somewhat scuffed that was first produced at \$80, and the new one that is available on the CMA write-in option. Its cost to consumers is \$20. The one that is scuffed up that you have in your hand is \$80 and the bright, shiny one is \$20. They are both equivalent in their safety. In fact, the newest one has CSA approval, which is superior to the Snell Foundation and the ANSI legislation. With mass production, cost has been driven down by market forces. In the United States, when Dr Rivara and his team in Seattle started pushing helmets, the cost was \$45 to \$60 US. The average cost now is \$25 and that is with no coupons, just straight production.

The Chair: There might be some questions about the helmets themselves that would best be posed now.

Ms S. Murdock: I have one. These are both for adults? I see it says medium to large in here.

Dr Rumney: That specific helmet is available for adolescents, youths and adults, and when it is delivered it also comes with five different insertable pads to make the fit secure and safe. There are three other models for younger children, two because of size and one because of interest. You can now get the teenage mutant ninja turtle helmet model.

Ms S. Murdock: Are the smaller ones cheaper?

Dr Rumney: No, the price for production is more or less the same; the price is roughly \$20, except for the teenage mutant ninja turtle one, which is \$25 for the additional colour and decorations.

I will come back to the older helmet a little later, but I want to tell you that the cost to the health care professions and to us as consumers and taxpayers is enormous. Dr Bohn said it was incalculable. I do not contradict him, but I can say that it is easy to calculate the initial cost and then we can extrapolate from there. I asked our health records to pull all the admissions to the Hugh MacMillan head injury program over the last five years.

We regularly have 60 new admissions per year to the head injury program, and that is just children, anybody from newborn up to age 19. We had 21 admissions over the five years of children and young adults as a result of bicycle accidents, none of whom were wearing helmets. Out of that there were 1,809 days in our facility, and we are a relatively cheap OHIP facility. Our per diem rate is somewhere in the neighbourhood of \$400 to \$450 a day. That means that the total cost varied somewhere between \$723,000 and \$904,500 for their stay alone at our facility in the last five years. That does not include costs at the Hospital for Sick Children, hospital outpatient visits, follow-up visits at clinics, seeing physicians, getting their medication or anything else.

Each one had a mean stay of 86 days. That is a mean cost in the neighbourhood of \$39,000. You saw the videotape by HSC. The one lady and one gentleman are graduates of my rehabilitation program. Each one spent in excess of three months with me on the adolescent ward recovering from their accidents. The first one was a low-velocity accident. The gentleman ran into his mother, also on a bike, and flipped off the bike. In the second, the girl was struck by a truck. It was a high-velocity accident.

The cost of disability is much harder to ascertain, but we know the lifelong cost to the health care system for spinal cord injuries is \$1 million per person. I would submit that the lifelong cost of traumatic brain injury, because life expectancy in essence is unchanged if you live past those first 48 hours, is very close to that \$1 million per head. In addition, the loss of income and the increased expenses in education, health care, attendant care and social services start to extrapolate the whole calculation significantly.

We know that cost of death is also extremely high. I am saying it is unmeasurable because it is hard to quantify, but traumatic brain injury is a killer of young people. The peak incidence of traumatic brain injury is between 15 and 24 years of age. In the bad old days before the 1970s, everybody died. Things are getting better in that people are not dying directly as a result of their multiple injuries; they are dying as a result of their head injuries, but not their body injuries. Those that can be saved and revived go on to have lifelong disabilities that interfere with learning, lifestyle, vocation, recreation and all components of their life.

We know by Dr Rivera's study that there is an 85% decrease in lifelong disability and death as a result of the use of an approved helmet. We also know that public awareness is changing. You have heard of the statistics Dr Hu and his group at the Hospital for Sick Children have brought forward, as well as Dr Wesson and his group. We are even seeing the people I thought we would never get. The bicycle couriers, the men and women who are actually cycling their legs out for the dollar, are wearing helmets because they find they are living longer, earning more money and are not being laid off as quickly because of disability.

We have personal testimonials, and you should never practise medicine by personal testimonials, but it gets to the heart very quickly. The first bike helmet here is one I have collected from a staffer, the helmet of my social worker. She was riding home when she was cut off by a Mustang, thrown over the hood, landed on her head, pivoted once and then landed on her knapsack. If you look at that helmet you can see it has a few skid marks on the top, nothing significant. If you look at the inside it looks almost identical to the one Mr Kormos has, but this one is unusable because it has been in a major accident. As a result of this, her injuries included bruises on her back, a twisted elbow and minor whiplash, but she was able to return to work three days later. If she had not had the helmet, she would have been one of the statistics admitted to my head injury rehab program or its equivalent for adults. Similarly, my speech-language pathologist and my neuropsychologist have also had various bike and motorcycle accidents and have been saved by helmets, so to me there is undeniable proof within my own staff.

The encouraging thing is that government legislation can lead as well as follow public awareness. I had the pleasure of meeting with Dr deGraaff from Melbourne, Australia, where they have enacted similar legislation for mandatory bike helmet use and seatbelt use. Also, they have speed guns on radar so there is constant monitoring of vehicle speed. All these measures came into existence one right after the other, and he has documented in his own practice an almost 50% to 70% decrease in admissions to the rehabilitation programs because of this.

The other thing we are seeing is support in the other sectors. The police clearly are supporting us. They are advocating by bringing together such works as the Amazing Spiderman's educational comic book called Hit and Run. This is something put together to appeal to adolescents and younger children. It is using the Spiderman theme, but it is scripted in Toronto at the SkyDome with the Blue Jays, so it has popular appeal. In addition, the Ontario Head Injury Association, which I am sure has made presentations to you, or will, has its younger-age-group educational book on facts for use of appropriate headgear. I am having trouble keeping these in my waiting room at the rehabilitation centre. I am not a public practitioner providing care to healthy newborns and other healthy children; I am seeing a very select population of the disabled. These are going to their friends, relatives and siblings.

1720

Finally, the Toronto cycling association is strongly in support of this. We know the Seattle experiment has shown an increase in usage from their initial 3% to roughly 16%. It is nice to see the Toronto bike helmet coalition has gone from roughly 3% to 16% in a year, as opposed to three years.

In addition, the economic numbers for the Sandoz company, which has underwritten the cost of this helmet distribution through the CMA, are quite supportive. I have heard from one of the representatives that they have sold more than 60,000 helmets this year across Canada. They were hoping they would perhaps sell 16,000, because the United States offer, which has been similar, has been 160,000 and of course we always factor by 10.

The CSA regulations are excellent. They are probably the world leaders in design for these helmets, similar to the CSA regulations for hockey helmets, led by Dr Pashby and his crew.

We are trying to do our best by educating, advocating and taking it to the public. We know we cannot separate cars and bicycles. Our streets, roadways, cities and highways are not designed to do that. Other areas have done this and have made a significant impact, but if our society is to continue as it is, and I am sure it will, this is the best effort we can bring forward and we have good, scientific evidence that it works.

Basically, I would like you to put me out of a job. If you can do this and some other things in the future, I think I can get those 21 admissions over five years to a much lower number. I can do other things and I am hoping you can help us in this.

Mrs Cunningham: I am going to ask a couple of questions about things you have not talked about with re-

gard to the Hugh MacMillan Rehabilitation Centre. One of the great concerns of all members of the committee is for the people who do survive and need the rehabilitation your centre provides. I wondered, when you talked about the stay in hospital or the stay at your centre, if you could enlighten the committee as to what kinds of things would happen after the stay in your centre; where these people would go and what kind of ongoing support they may need.

Dr Rumney: The variability within head injury rehabilitation is extreme so you can get all positions on the spectrum, but I can give you an average scenario. Someone is transferred to our facility roughly two to four weeks after a traumatic brain injury from the Hospital for Sick Children or another trauma centre. They spend, on average, 80 to 100 days in our assessment and treatment program, getting physiotherapy, occupational therapy, speech-language pathology, neuropsychology, social work, recreation and creative arts therapy.

At the time of discharge, we try to bring in the community support services to co-ordinate their return to their home, school and the community at large. In most cases, this is a request for the home school to modify its school program: reduce the course load, stagger the academic and non-academic subjects and provide special education support services, as well as counselling support services.

We often refer them to outpatient facilities for ongoing therapy in speech OT and PT. These are in short supply, as I am sure you are well aware. In many cases we now turn to private providers for this because the waiting lists for the public facilities are so long and the new no-fault insurance is able to provide some support for these families when a motor vehicle accident is involved. This may be a process of three to six months of ongoing physiotherapy and occupational therapy and, if they are lucky enough, a similar length of time in speech-language pathology support on a weekly basis.

In most cases the counselling issues may go on for a matter of six months to a year, perhaps two years, depending on the family and the social circumstances. Someone like Mr Finora was able to get back into school and pick up more or less where he left off roughly a year to a year and a half after his head injury. Another of my patients will never be able to complete high school and go on to post-secondary education in the manner she would have prior to her injury.

The other thing is that the community support services available are relatively few, such as the Head Injury Association of Toronto, the Ontario Head Injury Association and their other chapters in various communities around, but these are family-support networks that are informal and do not provide direct services. They may be a communication base for families and they may be an informal support network, but very few of them have formal, regular, dependable counselling services available.

Finally, when one finishes education and goes to vocational support, it becomes a real challenge, because the need for appropriate vocational assessment and rehabilitation in the field of head injury is very scarce and hard to come by.

Mrs Cunningham: These questions may seem irrelevant, but I am trying to share, because we have the opportunity of having you here this afternoon, Dr Rumney, the challenges we have in Ontario.

Are you aware of the new medical services and other American services, and how many of the people you know would choose to go for that kind of rehabilitation? I probably asked the wrong question, but we are aware that many go outside Ontario for assistance. I wonder if you could talk to us about that.

Dr Rumney: We know that in the last year, according to statistics shared at the Ontario Head Injury Association conference in November 1990, roughly \$24 million to \$28 million was sent south for rehabilitation services as a result of traumatic brain injury in one year.

There are over 700 rehabilitation centres in the United States to provide care on a private basis for a traumatic and acquired brain injury. Of those facilities only a handful, perhaps 30, are truly paediatrically based head injury services.

With respect to the types of services they deliver, they are more or less equivalent in their construct and their depth of services available to the facilities here within Metropolitan Toronto and in Ontario. The advantage is that the waiting lists are virtually non-existent because when they start to become overrun with clients they hire new staff, as they have more funding. That is a real advantage in almost immediate response time.

The second thing is that they have a track record of work in this field for a period of between five and 10 years. If you look at the established head injury rehab programs in Canada, few that they are, they also have similar track records. Ours has been in existence since 1978.

One disadvantage is that it is driven by private funding, and if the funding runs out you are discharged.

The other major disadvantage is that it is not done in the home community. The one lasting thing we have learned is that things learned by a person after a closed head injury are not easily generalized. If you learn how to take the bus in Seattle, or how to make your bed and take care of your shopping and your apartment in Austin, Texas, it does not necessarily mean you are going to be able to do it in North Bay, Toronto or any other place. The best place for these people to learn to cope with the new challenges and problems in their lives is within their own communities. I must admit I cross-refer to them when they have a service we do not have, such as behaviour-based services, but it certainly in my mind is a second-best answer.

Sorry, I get up on the soapbox every once in awhile.

1730

Mrs Cunningham: I enjoy that. It saves some of us doing it at times. We will do it here and you can do it out there.

Dr Rumney: Fair enough.

Ms S. Murdock: Dr Rumney, I want to thank you very much for coming. Both you and the doctors before you have been mesmerizing with your information.

I have two things. I want to make a comment, and the other is to ask a question. The first is that in looking at the helmets, I think the Minister of Industry, Trade and

Technology should be informed that one of them is assembled in Mexico and the other is made in the United States, and maybe we should be looking at targeting another industry.

Mrs Cunningham: We are, Sharon.

Ms S. Murdock: We have to do that for sure.

The question, though, is in relation to the CSA approval of the helmets. I am wondering what the CSA standard is as compared to the American standard, whether it is different and how it would be affected by free trade, basically.

Dr Rumney: I could not comment directly on the effects of free trade. I am afraid I do not understand that fully, but from my understanding, the ANSI and the Snell Foundation regulations were the first two regulations for helmet design. The CSA was later in development and, from my understanding, is superior with respect to the ability of the helmet to minimize a puncture wound and to minimize the specific types of kinetic energy distribution, in other words, the type of impact transmitted to the head and to the brain.

This is something that might slow down the acceptance of a foreign-designed helmet, only to the extent that CSA has to test it, accept it, approve it and then let it go on. As you said, the Proaction helmet is CSA-approved, but it is assembled in Mexico, it has been designed in the United States and it did have to pass this approval before being accepted.

I would like to see a fully Canadian- or Ontarian-produced product to market, but there are numerous helmets that have passed CSA approval quite quickly. The ones that have not are often the ones that have a soft shell over the top, cloth with no polycarbonate or similar plastic that is an impact-resistant shell.

Ms S. Murdock: Is the thicker styrofoam safer, or is that a fallacy to the uninitiated?

Dr Rumney: Roughly, the styrofoam thickness is a factor, the density of the styrofoam itself is a factor. From what I have been told, the more important thing is how well it fits. If I put this helmet on a small child and it is loose and wobbly, it would be actually a detriment. If, however, I put this helmet on a child with the appropriate padding so that it is tight, snug and comfortable, then the impact resistance is excellent.

The other question that came in the last presentation was, when does the accident occur? It occurs at the point of impact and it can be so small that it is deceiving. It can be so frightening to see someone who has no bruise, no fracture, no swelling, no lump, and who is comatose. You do a CAT scan and it looks almost normal. They are comatose for a week and they wake up and forget things for three months. They are permanently disabled because of cognitive memory and thinking problems, but are physically perfect. I am afraid I have seen that all too often.

Mr Waters: I think what Ms Murdock was getting at was that under the free trade agreement, the CSA will be harmonized and downgraded to the US standard.

Dr Rumney: I hope not.

Mr Waters: It will be; that is part of the agreement.

Dr Rumney: Perhaps we can bring Underwriters Laboratories up to ours.

Mr Waters: That is not the way it works, unfortunately; we only wish. I came out of the wiring industry and had the same thing happen to us. My question, once again, goes to the old helmet. If I were a parent, how could I tell that a helmet was no longer serviceable? Children, being children, will not tell me when they have fallen or will use it for a football. How do I know that it is no longer serviceable?

Dr Rumney: Any significant damage to the polycarbonate shell. This plastic is virtually bulletproof, so any significant trauma tells you that there has been a more-than-subtle impact. The other way to critically appraise it is by taking the inside liner out. If you inspect the liner and you can see indentations, grooves, dents or other imperfections, then you know this has had a significant impact. It is going to take more than a drop on the ground to do this. It usually takes an impact where someone has fallen off their bike while riding, skateboarding or rollerblading, or has been hit by a car. It is easiest to make that judgement historically and say: "Did you fall? Tell me about it. All right, we have to get you a new helmet." But there are some things that are fairly easy to teach to the public.

Mr Waters: On the topic of education, I had said earlier on about our children harassing us and demanding that we do not smoke and that we wear seatbelts, and they were quite successful at doing those things through the school system. I was wondering whether you think this is the appropriate place to work on the education not only of our children for their sake, but of our children for our sake, as their parents.

Dr Rumney: Definitely. I am hoping that a generation from now we will be looking back at these proceedings and saying it is so obvious that this should be done. One of the things the Ontario Head Injury Association has done has been to put this information packet together, but it also has developed a curriculum for the public schools that is free to anyone who requests it. There is about a 50-page activity booklet and curriculum support available to teachers upon request from the Ontario Head Injury Association. We have just recently collaborated with them with respect to some minor funding to try to get this out to the school boards as much as possible.

The other thing I do in my capacity is in-services to school boards around Metropolitan Toronto and southern Ontario. I take my demonstration pack with me wherever I go to try to encourage them to do the same and to put it in their health curricula.

The Chair: Dr Rumney, I want to thank you very much for your time this afternoon, for your interest in this matter and for sharing your expertise with us. You have made a valuable contribution and we are all extremely grateful. I trust you will keep in touch with either Mrs Cunningham, who is the sponsor of the bill, or with Mr Dadamo, who is the parliamentary assistant to the Minister of Transportation, the honourable Gilles Pouliot. Both of them, I am sure, will do their best to keep you updated as to how things progress through this committee and then into the House.

Dr Rumney: Thank you very much.

The Chair: Thank you, sir. Take care.

That completes the matter of participants with respect to submissions on Mrs Cunningham's bill. However, we have a matter to deal with, and that is the standing order 123 reference, which has been dealt with by the subcommittee. The only thing being sought is unanimous consent that notwithstanding the standing orders, it does not supersede Mrs Cunningham's bill, Bill 124. Is there unanimous consent in that regard?

Agreed to.

The Chair: Thank you. That completes the matters for this afternoon. We are going to be back here on Wednesday at 3:30 promptly. I remind people that it is really unfair to people who come here—many if not all of whom are very busy people; most of them are—to either keep them waiting or to foul up the schedule such that they cannot appear at the time they expected to and make their submission at the time they expected to.

Thank you for the committee's co-operation this afternoon. We will see you on Wednesday at 3:30.

The committee adjourned at 1740.

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Le mercredi 11 décembre 1991

**Standing committee on
resources development**

Highway Traffic
Amendment Act, 1991

**Comité permanent du
développement des ressources**

Loi de 1991 modifiant
le Code de la route



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Président : Peter Kormos
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday 11 December 1991

The committee met at 1534 in committee room 1.

HIGHWAY TRAFFIC AMENDMENT ACT, 1991

LOI DE 1991 MODIFIANT LE CODE DE LA ROUTE

Resuming consideration of Bill 124, An Act to amend the Highway Traffic Act / Projet de loi 124, Loi portant modification du Code de la route.

TRAUMA ASSOCIATION OF CANADA

The Chair: The first participant is the Trauma Association of Canada. Dr Michael Schwartz is president of the association. Please come forward and give us your comments. Try to end them about a quarter to the hour so that we have 15 minutes to engage in dialogue, questions and conversation.

Dr Schwartz: I can actually end more quickly than that. I would like to tell you first about some additional qualifications I have so that perhaps it will make my words a little more believable, or at least will provide you with some information about what you can ask me.

I am a neurosurgeon and the director of the neurotrauma program at the Sunnybrook regional trauma unit. I was on the Canadian Standards Association committee that set the standards for bicycle helmets for CSA approval. I guess most importantly, I am an enthusiastic cyclist. I came here by bicycle, wearing a helmet. I believe that helmets are important.

There is excellent evidence in the medical literature that shows helmets will mitigate the effects of falling off your bicycle and striking your head. They are designed to reduce the G-force administered to the brain when the head strikes the ground and they are likely effective if the person falls from the height the head is at when a person is cycling. If a cyclist is accelerated by a car, swept up on the hood of the vehicle, to a speed of, say, 40 or 50 kilometres per hour, then the helmet will not work and will not prevent a severe or even fatal head injury. So I think everybody should wear helmets but should have a realistic expectation about what they can or cannot do.

The other issue is whether the government is best served by a strategy of education or whether legislation is the best method. To be quite frank, I do not know what the answer to that is. I believe we are required by law to have a light on the bicycle between dusk and dawn and I will bet you that not 5% of cyclists do. In fact, very few of those people are stopped by the police. So if we are to have a law that requires people to use bicycle helmets, there should be enforcement of the law.

It may be a more effective strategy to have an excellent education program, the way, for example, seatbelts have been popularized with people. I think there is fairly good compliance because of education rather than because of

legislation. Perhaps we need both. I think I would leave that to the government.

If you wish, I would be pleased to answer any questions about the mechanism of head injuries or about helmets or any other relevant thing.

The Chair: Thank you, Doctor. I should ask you, because a participant on Monday who rode his bicycle here expressed concern about the fact there was no place to conveniently park his bicycle and saw that as something of a disincentive on the part of Queen's Park to people bicycling.

Dr Schwartz: I found a bicycle rack at the east entrance to the Legislature, so it was convenient enough.

The Chair: Convenient enough? There is obviously a conflict of opinion because we are writing to the whip of the government caucus so that she can use all her powers and resources and all her high-priced staff to persuade the powers that be to make more bicycle racks, appropriate ones, to encourage more people to use bicycles, maybe even MPPs.

Dr Schwartz: I was a little bit uneasy that the bicycle rack did not seem to be fixed to the ground. If somebody wants to take the rack and my bicycle, it is physically possible.

The Chair: I suppose the good news is that the rack was still there.

Mr Waters: You mentioned that you were involved with the CSA.

Dr Schwartz: Yes.

Mr Waters: I have a concern because of the harmonization that is going to happen with those helmets. Is it going to make the helmet unsafe when we harmonize with the US standards? Is it going to downgrade it to the point where we should be concerned?

Dr Schwartz: There are some differences. First of all, there are two US standards. There is the American National Standards Institute one that perhaps is slightly less stringent than the CSA one, and there is the Snell criterion, which perhaps is slightly more stringent; but they have the same effect. The difference between CSA and the American standards is that CSA is actually enforced.

In order to keep CSA approval of a particular product, CSA will pick up samples of the product from time to time and test it in their own laboratories. In the US, the companies that have Snell-approved helmets or ANSI-approved helmets can submit those particular ones if they wish, but there is no after-the-fact testing. The standards are close enough, but I do not think we will lose anything if we harmonize with the US, provided the CSA keeps its policy of testing.

1540

Mr Waters: In your specialty, when you have someone who has suffered severe trauma to the head, being very blunt about it, is there a lot that you can do to help him or her? Or is it basically that if it is that severe, the good Lord heals, and what the good Lord does not heal, sorry.

Dr Schwartz: As neurosurgeons, we can treat some of the complications of head injuries. If the person has a blood clot on the surface of the brain, for example, we can remove it. What we cannot alter is the kind of injury that occurs diffusely through the brain that is caused right at the moment of impact. In fact, right at that initial bump, there is violent shaking of the brain, which has the consistency roughly of Jello; it fractures actually internally. If the person is badly enough injured, there is nothing at all we can do about that.

The way the helmet works is that it has a crushable lining of styrofoam. As the person strikes the ground, instead of stopping in an instant, it slows down over the distance that the styrofoam is crushed. So that will reduce the force applied to the brain considerably, and provided the person does not fall from too great a height or is not accelerated to too great a velocity, the helmet will be effective in preventing injury. Prevention is the only way. Our capacity to fix things after the fact is quite limited.

Mr Waters: You touched on the topic of a law versus education. I will go back to seatbelts, where the law was enacted along with a major education program. As I have said to other people on other days, our education system has done wonders. They have made monsters out of our children. If you do not wear your seatbelt, you do not move the car. They are better cops than the cops. I was wondering what your feelings are on doing the same things with helmets.

Dr Schwartz: I think that would be ideal. There is no question that those seatbelts were available before the law was passed and before people were educated about them. They were used far less frequently than after the law. In fact we know that mitigates injury. So that if a similar program could be developed including both legislation and education, that would be ideal.

Ms S. Murdock: On Monday one of the presenters brought in two helmets, one that had been in an accident, one that had not. I do not bicycle, but I was interested in the size of the helmets. One was an older one, so it was larger and so on. Would the helmets that are on the market now provide protection for all ages, or are there sizes to helmets and are there standards to those sizes?

Dr Schwartz: There are sizes, and provided the person buys it in a store where the salespeople are familiar with how they should be fitted, I presume that he or she will get the right size. I would think the smallest size that fits is the best, because it is less likely to slip down over your eyes or to fall off if you are thrown off the bicycle before you strike your head.

Ms S. Murdock: How about those carrier seats that little kids sit in? Are there bicycle helmets for that size of a child's head?

Dr Schwartz: That is a whole other issue. I think carrier seats are dangerous and should not be used. In fact we discussed this at the Canadian Standards Association, whether we should also make it standard for those carriers for children. There was considerable weight of opinion, although it was not unanimous, that they just should not be used, because they raise the centre of gravity of the bicycle, and unless the person is a very skilful cyclist or is lucky or whatever, the bike is more likely to turn over with a child on it. I think a child should not ride on a bicycle until he or she rides it himself or herself.

Ms S. Murdock: Having said that, are there helmets—

Dr Schwartz: Are there small helmets? Yes. There are two kinds of helmets, those with the hard shell on the outside and those which just have either plain styrofoam or some net over the top. I very much favour the ones with the hard shell, even though they are slightly heavier and perhaps provide slightly less efficient ventilation. But the fact is they will prevent any sharp object from penetrating, or at least will make it less likely that a sharp object will penetrate, and they also tend to diffuse the force. If a person falls on something irregular like a stone or a curb or whatever, the hard shell will diffuse the force rather than allowing the soft liner to split. I think the soft shelled helmets, which are generally the ones for small children, are inherently less safe than the others, but they exist. Anything is better than nothing.

Ms S. Murdock: The weight of the hard helmet would not—

Dr Schwartz: Make it more likely that a person would have a neck injury?

Ms S. Murdock: Yes. With little kids when they are—

Dr Schwartz: They are not that heavy. I think that, on balance, the hard shell is preferable.

Ms S. Murdock: And you would recommend wearing helmets on tricycles as well as bicycles?

Dr Schwartz: If a child is going to fall, a helmet will mitigate the effects of landing on the head. If we start the children out early enough, then it becomes a matter of pride, just as Mr Waters said. The children are more enthusiastic about using the safety devices than the police. If a child knows from the age of three that every time he or she gets on the tricycle that they must also be wearing a helmet, they just do it as a matter of course and they will refuse to ride the bike without it. My children, for example, just as you said, would not, when they were small, let anyone start the car if all the seatbelts were not fastened first.

The Chair: Mr Dadamo, and you can leave time for Mr Waters if you wish. He will be angry with you, not at me, if he is not allowed that one more question.

Mr Dadamo: How much time do I have?

The Chair: Go ahead.

Mr Dadamo: Doctor, "trauma" says it all, obviously. You work near and dear to this all the time. With all the expertise you have and the studies you have been through, should this legislation go through, would you be ready to help and see if is there any way we could possibly redesign

the helmet to make it stronger maybe? Are there any flaws you see at this time that you could explain to us?

Dr Schwartz: I have no concrete suggestions for improving helmets. It is always a compromise. You could make a helmet that would be far more efficient or far more likely to cushion the impact, but it would be bigger and heavier, and if you made it big enough and heavy enough nobody would wear it. There is always a tradeoff between size and convenience and effectiveness. Right now we are at some sort of level of convenience that still provides protection.

Mr Dadamo: I am hearing over and over again that the helmet is good for one impact?

Dr Schwartz: One bump, yes.

Mr Dadamo: One bump. I do not understand why they cannot make it more solid.

Dr Schwartz: It is not a question of being more solid. In being crushed, it slows the head down right at the moment of impact, so that once it has been crushed, unless it is made of a material that restitutes completely to the state it was, it cannot be used twice. It is much cheaper and equally effective to have a helmet that is only used once because then you are sure it is in mint condition until you bump it.

Mr Dadamo: So it is the inside that damages of course and not the outside?

1550

Dr Schwartz: Yes, that is right.

Mr Waters: My one question would be getting back to what Ms Murdock had asked about, the small children. I have been asking a lot of questions on this, and I thought of a new angle, and that is: As a doctor, as a cyclist and as a person who is involved with helmets, do you see any way that we can safely transport children at a very young age who can hardly hold their head up, some of them, on a bicycle? Is there a safe way of doing it? Could we create a better carrier or whatever?

Dr Schwartz: I think you would have to have either a tricycle, which will not tip over as easily, or I have seen trailers that are intended for carrying small children, although that makes me worry because they are not so easily visible; they are low and might be struck by a motor vehicle. But I think you have to have something that prevents the bicycle from tipping.

Mr Waters: But you do not see a means of putting on a two-wheel bicycle a safe means of carrying a child that size?

Dr Schwartz: No, I think not, because anything you put above the wheel raises the centre of gravity and makes it more likely to tip over.

Mrs Cunningham: Your reputation precedes you. I am going to ask you a couple of questions.

Dr Schwartz: Oh, I am not finished yet?

Mrs Cunningham: I am going to take advantage of your expertise.

Dr Schwartz: I see.

Mrs Cunningham: Others have tried to escape our questions from time to time, too.

You will not be surprised to know that the majority of people before the committee have been supporting the legislation, some with reservations, to the extent that they think the education program that should accompany this legislation should be fairly extensive. One of your predecessors before the committee said we have so many major health problems in Ontario that we can do nothing about. I mean, we wish we could do something about them, and here we have a health problem we can do something about. I thought that was rather profound. That seems to be the tenor of what we are getting here.

I am fairly satisfied with regard to helmets. As a matter of fact, I am quite excited about it because I think we have an opportunity over a period of time, if we give the public time, to manufacture here in Ontario and create more jobs, exciting jobs I think, for people. So that part I am fairly comfortable about. But I am wondering, given your experience, or the thinking you may have done with regard to the phasing in of this legislation, what seems to be the advice we are getting, if you have given that any thought?

Dr Schwartz: Exactly how to go about enforcing it?

Mrs Cunningham: We did not want the public to wake up some morning in March or April and realize that they have to have helmets in another month.

Dr Schwartz: You might begin by an education program saying that on a certain date you will be required to wear a helmet if you ride a bicycle on the road. Provided people knew the date was coming, that might serve to have them go out and buy helmets. Then I suppose after the legislation is enacted, a person might be given one warning and then, if they fail a second time, I guess a fine should be levied. How are seatbelts done? I do not know. Do you get fined if you do not wear a seatbelt?

The Chair: He was not eliciting confessions.

Mrs Cunningham: Actually, what you have said, I think, is just common sense and that is what the committee wants. Basically we are not experienced. We are looking for good advice. What we have looked to are precedents, most of us, like what happened in Maryland in—I forget the name of the county.

Interjection: Howard.

Mrs Cunningham: Howard county in Maryland, where in fact they did phase it in over a period of time and gave people, whether they be children or adults, a warning, and they had to produce their parent under some circumstances and their helmet under others. That is what we will struggle with. I think your first response was one of just common sense, and that is what we are going to try to do.

I should say too that there has been some opposition from cyclists themselves, who are concerned that from an environmental point of view they really would like to see more people cycling, and a helmet would be a deterrent. I am wondering if you could help us in what we should be saying to cyclists who tell us that a helmet is a deterrent. Mind you, they wear them.

Dr Schwartz: I cannot see how that would follow. I suppose it is an additional expense for the individual, but bicycles have gotten so expensive anyhow, that presumably the \$60 or \$70 that they would pay in addition for a helmet is not unreasonable. I would think that if more of them are made and used, the price would likely come down.

Mrs Cunningham: Their other argument is that it is an invasion of their rights.

Dr Schwartz: That is nonsense. It is an invasion of my rights if I have to get up in the middle of the night to operate on somebody who has done something really stupid and caused an accident or caused an injury. The rights argument does not work. People have argued that for motorcycle helmets. The fact is that a person does not have the right to expose himself or herself to risk if it produces expense and difficulty for the rest of us. I think that people who become disabled by foolishness are a burden for all of us and I do not see any harm in preventing them from doing that.

Mrs Cunningham: We are particularly concerned because Ontario is now struggling with a tremendous cost in rehabilitation for head injuries. Some of the families who have come before this committee are so concerned about having to send their young people out of their community. So the costing has to be made very real.

The Chair: Is there anybody else who had any closing remarks or questions of the doctor?

All of us on the committee thank you very much for the time you have taken to prepare this presentation, for your work on this matter and for appearing here today. We appreciate it. Mrs Cunningham, who is the sponsor of the bill, or Mr Dadamo, who is the parliamentary assistant to the minister, I am sure will be pleased to keep in contact with you. Keep in touch with either of them, and I am sure they will try to keep you updated on the progress of these matters. If you have any further things down the road, feel free to get in touch with us. Thank you. Take care, sir.

HEALTHCARE REHABILITATION CENTER

The Chair: We now have the Healthcare Rehabilitation Centre making a representation to us.

I should tell people that there is coffee and milk and juices there, some of them native Ontarian, some of them as a result of cross-border shopping. Orange juice at an Ontario government parliamentary committee is always a peculiar thing. In any event, make yourself at home, and it is there for you to consume.

Larry Donaldson, director, Canadian operations of the Healthcare Rehabilitation Center, would you please tell us what you want to tell us. Try to leave us the second 15 minutes at least for questions and conversations, sir.

Mr Donaldson: I am here today to present this brief to the members of this committee both as a professional involved in the treatment of children who have suffered the effects of traumatic brain injury and as a parent.

Many speakers before me have surely given the committee the statistical data surrounding the number of children and adults that suffer serious head injuries due to accidents involving bicycles. In Canada it has been recorded that

yearly there are 5,000 children who visit emergency rooms as a result of a head trauma related to bicycle accidents, and 60 of these kids will die as a result of that injury. Within the general category of deaths related to bicycle accidents, 75% of them involve head injuries.

Of children who suffer brain insult and survive, it is estimated that between 190 and 310 per year will require some type of post-acute care rehabilitation. It is the costs associated with the acute medical treatment and the post-acute care rehabilitation that I would like to bring to the committee's attention today.

In today's health care system it is not unknown to have an acute care cost ranging from \$1,500 to \$2,000 per day. This will include all of the costs: bed costs, physicians, lab costs, medication, life support costs and all of the capital expenditures that would be involved in the support of an acute care bed. With all of these needs rolled into one figure, these high costs are not unreal. Should a patient require six weeks of acute care, these costs could range from \$63,000 to \$84,000 in acute care.

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In Ontario the problems that exist in the availability of post-acute care beds have created the bed-blocking problem that now exists. This can further escalate those acute care costs if a patient is stuck in an acute care bed, one of the most expensive beds in the province.

Within the present Ontario hospital system, there exists a limited number of acute care rehabilitation beds for patients that suffer brain insult. These beds operate at a cost of approximately \$800 to \$1,000 per day. Should a patient get treatment within our system, it would last from three to five months. This portion of the care would cost between \$78,000 and \$154,000. Unfortunately, there is an inadequate number of beds available in Ontario to service the population and patients have been utilizing rehab beds in the United States.

From this point on, I will speak to the costs of brain injury rehab within our US-based hospital system, as the services we offer our patients are currently unavailable in Ontario. Healthcare Rehab Center is a fully licensed brain injury rehab hospital located in Austin, Texas. Over the past 50 years we have been involved in the treatment of patients who have suffered neurological trauma. The cost of the acute care rehabilitation is roughly the same, \$800 to \$1,000 a day. Thus the costs for the acute care rehab portion will be the same as in Ontario, \$78,000 to \$154,000.

Following the acute care phase, patients who have suffered serious brain injury require further post-acute care rehab. These programs involve education, vocational rehabilitation, neuropsychological counselling, cognitive re-training, behavioural management—one of the most challenging aspects of brain injury rehabilitation—and community re-entry programs. Due to the broad nature of these programs, they take time. This phase of the treatment may last three to 12 months and cost an average of between \$500 and \$750 a day. Therefore the costs of this phase may run between \$45,000 and \$274,000.

The final place in which there are costs related to a simple bicycle accident resulting in brain injury is the area of long-term care. Should an individual require care for the

rest of his or her life, the costs can through the ceiling. Just to give someone the absolute basic needs can cost over \$100 a day. To give someone a place to live and grow to his full potential, to live his life to its fullest, you can expect costs to range between \$170 to \$270 a day. With an injured child of 10 years of age with an expected lifespan of 60 more years, you can look at costs in the neighbourhood of \$5.9 million.

What we now have is an injury that has the potential to escalate into a \$6.5 million dollar care bill. If this committee can help prevent these types of costs through prevention, ensuring the passage of this bill, I will be pleased. These costs are not going to go away; if anything they will escalate, and the demand for their being made available to Canadians will increase as parents and patients become more aware of the benefits of proper care.

In summary, I just want to go over those costs again. Acute care costs, \$84,000; acute care rehab costs, \$154,000; post-acute care rehab, \$274,000; and long-term care, \$5.9 million. Total potential costs—and these are potential, it does not happen to everybody—\$6.4 million.

These costs, of course, can and do vary from patient to patient. There are those lucky enough not to require anything more than a bandage in emergency and a comment to "take care" out there.

There are certainly patients who require a much higher level of care for their lifetimes and the costs can and do exceed the above estimates. It is clear that accidents involving bicycles are going to cost us money. If there is any way possible to save costs, both financial and personal costs, then we should make an effort to do so.

I am here today to point out the terrible costs of treating those who suffer potentially unnecessary injuries to the head. With treatment, some will recover to a point that enables them to live a full and productive life within society. With treatment, some will be able to live a life within society that will be tolerable. These treatments cost big dollars, as I have pointed out to you today. There is really no way out of the rehabilitation costs related to these injuries.

Some parties sue in the courts and are able to recover damages. Society must ultimately pay these costs in higher insurance premiums. Others, unable to litigate, fight within the health care system to gain access to these treatments and benefit from them as much as possible. Here our society is once more burdened with these high costs. Some, unfortunately, for whatever reason, are unable to access suitable treatment and are left without. Without treatment, these patients ultimately cost the health care system even more money if they are funnelled into chronic, long-term care hospitals and/or psychiatric hospitals and, I might point out, jail.

The costs incurred by keeping patients within the health care system are well documented and will ultimately exceed the \$6.5 million figure I have given you today. It is these exceptional care costs that are leading the current government towards a policy of redirection of long-term care and support services in Ontario.

In every way the province of Ontario loses each time a child or any person is seriously head-injured on a bike. I

hope that by bringing to the attention of the committee the tremendous costs involved in each injury, I can push you to a speedy enactment of this bill. Any costs for its implementation and enforcement can certainly come from moneys saved in the health care system, moneys that will inevitably be spent as a result of, but preferably in the prevention of, bicycle accidents.

Thank you for taking the time to listen to my presentation, and I would be glad to answer any questions.

Mrs Cunningham: Mr Donaldson, thank you very much for being here today. I think it is interesting that somebody who is in the business of providing rehabilitation services—by the way, that is not even a good word. It is extremely responsible that somebody in your position is coming down here to tell us to do something about it fast. One would argue, as a physician did yesterday, "Put me out of business." He actually said: "I do not want this job. I do not want to see children as damaged." You are saying the same thing, which is pretty profound and extremely responsible, so I really thank you for that. Perhaps when we solve this problem, we can go on to the long-term care problem right here in Ontario.

I wonder what you have learned from your work in rehabilitation that might help us, beyond what you told us today, in the phasing-in of this legislation. I think we are concerned about being criticized, first of all in not giving people time to adjust, those people who have not taken advantage of education programs that have been out there proliferately since the early 1970s; and the real issue of not looking cool in a helmet, which happens to be the one that most tell us about; down to the fact that we are pretty serious about trying to make this a business-in-Ontario issue. We would not have thought of that, by the way, until we had one of the representatives of the CSA standards committee on bicycle helmets. Do you remember who that was?

Interjection: Mr William Coffman.

Mrs Cunningham: Yes, Mr Coffman came and told us it was a possibility, probably within a year. So we are trying to be more realistic that these helmets could be manufactured, certainly by American companies, in Ontario. But we would like to see some initiative, as at Fanshawe College, where the students were doing prototypes and what not and are extremely interested in starting up their own small business. So if you can give us advice on phasing-in or education here at all, we would appreciate it.

Mr Donaldson: I think my response there would be, the sooner you can put me out of business the better. Regarding phasing-in, the longer you wait, the more injuries you are going to have. Phasing-in is one of your most difficult questions, along with enforcement. But as soon as possible it can only help. If the transition period is difficult for people as they are educated that they must wear helmets, then that is going to be a difficult time. Even with seatbelts now, there are people who refuse to wear them. I think you will always have non-compliance. Most parents, if told that they and their children have to wear helmets, will get them quickly.

1610

Mrs Cunningham: Thank you for underlining that.

Mr Jordan: Thank you, Mr Donaldson, for your excellent presentation and certainly for drawing to our attention the costs involved to everyone as a result of not having this regulation in effect. I think generally the members of the committee are really convinced of the need. I know personally that my real concern is how to implement the legislation.

I might throw out a suggestion that, instead of listening to parents being concerned about the costs of these helmets, they be issued through the schools along with an education program, and the parent-teachers associations and so on be educated on the use of them and the need to use them. If we do that for a period of time, even though the legislation is on the books, it would not necessarily have to be enforced with a penalty. Would you care to comment on that?

Mr Donaldson: Again, all I can say is as soon as possible, whichever way the committee and the enforcement bodies that are assigned with enforcement, the OPP, feel is the most feasible way to get people wearing helmets and just as quickly as possible. The whole idea that it is cool to wear a helmet has to be ingrained in the kids, like the seatbelts. You do not start the car until the seatbelt is on, and you do not get on the bike until the helmet is on. Whatever ways can be devised to get kids feeling that it is cool to wear a helmet, then get at it.

Mr Jordan: I think education is going to be the requirement to parents and children working together up, let's say, to the age of 12 or something like that, and then after that they could accept their responsibilities. Thank you very much.

Mrs Fawcett: This is the first time I have been at this committee, and I find it extremely interesting. Further to what Mr Jordan was talking about on educating through the schools, that certainly is an excellent way. I was an elementary school teacher and that is definitely a place to start.

I can remember the days when hockey players did not wear helmets. I even played a little without a helmet. Now, it is just unheard of that a child does not wear a helmet. So obviously they found a secret. I am sure there must be some way we could incorporate the idea—I realize that a child must wear one in order to be allowed on the ice—whether we can somehow plan some way that a child does not get on a bicycle unless he or she has a helmet. Somewhere there must be something we can do.

Earlier, Ms Murdock mentioned babies or small children. To me, that is the place to start. If a child grows up almost right from birth with a helmet on, then it might be a way to make sure this campaign definitely goes forward. I think you are to be complimented in trying to put forward this legislation. To me, it is a must.

Mr Donaldson: Enlist some sporting stars, the Gretzkys of this world. I know that Jeremy Rempel was here and presented to the committee. There is a star who can get out there and show the community that helmets are a good idea. I think you need to develop that type of campaign of making it cool, that this is what you do, that if

you do not do it, you are just strange, you are weird: "Why don't you have your helmet on?" You have got to start with the kids.

Mrs Fawcett: Cool first, until it becomes a habit.

Mr Donaldson: Exactly.

Ms S. Murdock: Actually, I am in favour of this, as I think my questions have indicated, but we have a couple of problems. I know Mrs Cunningham has mentioned some of the concerns that have been expressed here, but also that are expressed, I know, in my riding. I have had a couple who are not too thrilled about the idea.

One of the comments made to me is the personal preference of not wanting to wear it, which I think the former presenter, Dr Michael Schwartz, probably stated as clearly as anyone I have heard thus far. I appreciate that, because I intend to use his comments: the cost of providing the helmet, not so much in higher economic groups but in lower economic families, and the enforcement provisions. Right now there is a lack of compliance with existing legislation. Making more legislation does not necessarily mean there will be compliance, without the education.

The other thing is the Highway Traffic Act. We have ages here that are not going to be applied. So I am wondering if your recommendation is that the Highway Traffic Act be changed to include that the age limit be lowered for service of the offence, or whether it would go to the parent, and what your thoughts are on that.

In terms of your experience in rehab work—I am asking a whole bunch of questions in one—having dealt with the children and the parents, do the parents subsequently wear helmets after having seen what happens to their child? I do not believe we are going to have a problem in the long run, or even in the short run, of convincing kids with a good education program and getting some star to do it. Where we are going to have the problem is getting people who have ridden bikes for years and years and years without a helmet. Trying to convince them to wear it is going to be the problem. So I would like to hear what you have to say.

Mr Donaldson: It is interesting how people will not comply with this type of legislation, but they comply awfully quickly when it is their child or their niece or their nephew that all of a sudden gets a brain injury. That gets compliance really quickly. It is the whole idea that it will never happen to me. Inevitably, it does, or it happens to someone near and dear to you.

What I find sometimes disheartening is when children that have suffered very serious brain injuries have to wear a helmet for the rest of their life because their skull is at a point where any slight trauma will cause further damage. That hurts. That is not to say they may sustain that brain injury because of a bicycle accident, but certainly the helmet might have helped in the first place, and they have to go through the rest of their life with a helmet. It is tough.

I know the dilemma that is before you with the enforcement. How do you enforce a law with an eight-year-old kid who said, "My dad told me I didn't have to wear a helmet"? Dad is a fool, and a kid at eight years old is not responsible. So I would like to see parents be responsible

for that and, however the law is written, to put the onus on the parents to comply.

Do you license all bicycles in the province so everybody has a plate on their bicycle? Then there is a registration system. From there, you know who the responsible adult is because of that licence plate. I do not know. That is your dilemma. That is why you guys are here.

1620

Ms S. Murdock: Mr Donaldson, I saw you nod when Dr Schwartz was talking about the carriers. I noticed that you were agreeing with him.

Mr Donaldson: Oh, yes, there is no question that cost is not an issue, because with volume, especially if we can get some manufacturing in Ontario, which would be wonderful—do we not need some?—it will get the prices down. What is the Canadian Tire price now? Seventeen dollars? You can get a helmet with their coupon rebate in that neighbourhood. You could see that coming down to \$12. If somebody can go out and pay \$200 or \$300 for a bike, what is \$12 or \$15 more to save a life or at least to improve a life if there is an accident? I think it is meaningless.

Mr Wood: My feeling is that I support helmets that are going to prevent a lot of injuries, but my concern is along the same kind of question that Sharon and Leo Jordan had. There must be quite a few thousand children out there of any age that are probably coming from single families. Maybe they have single-parent families. Maybe they have one bike between three or four or five children that is shared back and forth, or they share it with the neighbours from different communities. I am just wondering how we deal with that. If we say that legislation is coming in effective 18 months from now, how do we deal with situations of that kind?

I was going to say there are probably a million children throughout the province that are not as wealthy as other ones are that live under those conditions. I am just wondering if there are any ways and means of maybe making sure that helmets are available in the schools. The question is, if you put a \$20 fine on a person whose mother does not have food for the children at home to begin with, and then you have got the helmet beside that—I just wanted to see if you had any ideas or thoughts on that.

Mr Donaldson: I do not know. I know that under the Highway Traffic Act it is a given right to operate a motor vehicle and that can be taken away from us by non-compliance with the statutes under that act. You could get as rough as to say that if you do not comply with the bicycle helmet, then you do not have the right to operate a bicycle. That may be rough and tough to deal with. But kids walking and not sustaining head injuries beats kids riding bikes without helmets and getting head injuries. I mean, it is rough, it is tough. It is not going to be easy for those people, I agree with you, but I think you get the education and you get the kids so that when they graduate from that tricycle and have those training wheels behind the bicycle, they know to ask, "Where's my helmet? I need to get fitted for my helmet." You go from there.

Mr Wood: I have a grandson who will be three on February 9. I am proud of the fact that I see his mom and dad take him out to the skating rink.

Mr Donaldson: He has a helmet.

Mr Wood: He has a helmet on the ice. I am hoping that is going to follow through with bicycles into years to come. But I know, from my own experience, when I was born and raised in a poor family in a farming area, you maybe had one or two bicycles between 10 families. It has changed a lot now, but those helmets are going to be exchanged from one kid to the other. "I am going to put it on just because I do not want the cops to stop me," or this and that. It is a concern that goes through my mind. How do we deal with it?

Mr Donaldson: On the farm you would not have worn a hockey helmet, but go back to that same rink you were skating around on and all the little rink rats are going to have helmets on now, I hope.

Mr Dadamo: There are two of us who want to ask questions and about four minutes left, so I will be very brief. I want more to make a comment than I want to solicit an answer from you, if that is okay. Alluding to what Mrs Cunningham was saying earlier to someone else when we were talking about having to educate the public and having to take some time to systematically tell them or prove to them that wearing a helmet is going to be good for them—and if you do not have an answer now, that is okay—but what we ask you and others is, when you walk away from this committee after making this presentation, if you would be so kind as to keep in touch with us. If you would come up with something at 3 o'clock in the morning that you think is good for us, let us know by letter.

Mr Donaldson: My best time.

Mr Dadamo: The one thing we are all in agreement with here is that it seems to make sense that a helmet will save us a lot of money, a lot of pain, etc. We need probably about 18 months to two years' lead time to make people familiar with the cause and also for manufacturers to build the helmets, because obviously if we made the law tomorrow morning at 9 o'clock we would catch everybody off guard and we would not have enough helmets on the market.

That is my comment for what it is worth. If you should come up with something, with all the people you talk with and the expertise you have available at your fingertips, please let us know.

Mr Donaldson: I will give you a call.

Mr Jordan: Just a quick reference to the education part of it we were discussing and the cost of these helmets and who is going to have them. As Len pointed out, in some larger families they are going to be interchanged among the children, and we do not have control over that and no act of the department of highways would have control over that, so a helmet being worn that does not fit may not be giving the protection we assume it is. I would like to stress that this should be an issue that is really educational, that it should be properly fitted to each child through our education system. I do not think we should ask the parents to take that on.

Mr Donaldson: It might be a challenge to the manufacturing sector to come up with a helmet that is capable of fitting within two or three sizes. That would be a good industrial design project for Fanshawe College or any of them.

Mrs Cunningham: I am not sure whether you have been following the hearings, but in the enforcement part, I keep referring to Howard county in Maryland, just because I thought it was interesting. There, normally, for persons younger than 16, there is a first offence and a second offence, and it is \$25 to \$50 for a first, and the second offence would be \$50 to \$100. But, interestingly enough, it says that if the person who has been given the penalty shows up between the date of the violation and the court appearance with a purchased helmet, it can be waived, which I think is a progressive way of doing things.

It goes on to say that members—they refer to their enforcement officers here as members, I guess of the enforcement—will make immediate notification to parents of children under seven and inform them of the unsafe circumstances. I think this piece of legislation is really public education, at least initially, for young children.

They go on to say that everybody who has violated will get a pamphlet. You have to give them a safety pamphlet and you have to give them the violation form and tell them about the statistics. And they did have a grace period.

I think it is rather innovative, and they tell us it is working fairly well. It is a beginning for us anyway. It is not that we are sitting here without some precedents. That one, for us, seems to be a fairly comfortable one, and it is a form of legislation where the enforcement becomes part of the public education as well. I just thought you would be interested in that.

Mr Donaldson: Yes, that is great.

The Vice-Chair: I wish to thank you very much for coming and appearing before us, Mr Donaldson. It has been great meeting you, and I understand you and I will meet in the near future, hopefully. Thank you again for your presentation.

1630

ANNE M. de FORT-MENARES

The Vice-Chair: Anne M. de Fort-Menares, welcome to the committee. At your leisure you can start your comments, and then I would ask that you try to leave a few moments so that we can have some exchange.

Ms de Fort-Menares: Thank you for receiving me this afternoon. I do not represent anybody except myself, and the public constituency, presumably.

I am appearing partly to seek clarification, and to raise some concerns I have about the legislation and get your responses to that. My points pertain to the wording of the bill and to the procedure you are following, or the way that the amendment to the act is being done, which I will come to. I have highlighted most of my points on what you have in front of you and I will go through them.

I am operating on certain assumptions, which I have put right up top, because they are in forming my opinion.

The first assumption, and my most important one, is that cycling is an egalitarian activity. If you learn to bike, you can do it. You do not need money to do it, you do not really need money to maintain the bike, you do not have to go through any procedure to do it, bikes are transferrable—all of those issues. People of any age or financial background can do it and that gives them control over their transportation, which I think is an important issue.

Cycling is a viable means of alternative transportation. Despite what a lot of people say, you can cycle 12 months of the year in Toronto, and there are people who cycle every day in Toronto, and that goes for most of Ontario.

Ms S. Murdock: Come to Sudbury.

Ms de Fort-Menares: Well, in Ottawa there are people who cycle through the snow.

But my second main presumption is that cycling is beneficial to the whole community because of the reduction in noise pollution, air pollution, wear and tear on infrastructure, parking issues, production of bicycles, the longevity of bicycles—all kinds of things. The whole cycle of the bicycle is fairly environmentally friendly and, because of that, I think it should be promoted and encouraged.

Third, I am assuming that everybody benefits from understanding what safe cycling is about. Motorists tend not to understand what cyclists are doing, and cyclists also are frequently criticized for doing things that agitate motorists, so education programs aimed at everybody who uses the roads benefit everybody equally, I think.

Those are my assumptions. You may differ from those, and you can let me know.

With the wording of the bill as it is proposed, the definition of "bicycle" includes tricycles and unicycles. I gather from the foregoing presentation that you intend to impose the helmet legislation on everybody on a bicycle under this definition.

The second point about wording is that the present definition of "helmet" under the Highway Traffic Act requires this hard, smooth outer shell. I also wonder about the so-called "no-shell" types. They seem to be excluded from the definition presently in the act, even though they do apparently have Snell and ANSI approvals.

The Vice-Chair: We have someone here from the Ministry of Transportation who can answer those particular parts of that question for you, so you would be aware.

Ms de Fort-Menares: Do they want to answer it now?

Mr Weir: You would like me to answer it now, Mr Chair?

The Vice-Chair: Yes, while it is fresh in everyone's mind.

Ms de Fort-Menares: The first question was the definition of "bicycle."

Mr Weir: The present definition of "bicycle" does include tricycle and unicycle, so that is correct. On your second point, a helmet as defined under regulation 482 as it now reads pertains to motorcycles, so there would be a requirement to develop a new regulation. The section of the act being proposed to be amended talks about the user

having to wear a helmet that complies with that regulation, which only talks to motorcycle helmets and helmets for motor-assisted bicycles.

Ms de Fort-Menares: Will this be revised?

Mr Weir: It would need to be revised, yes, to make that section apply to bicycles.

The Vice-Chair: The intent is that although we are amending the act, there will also be amendments to the regulations that will take into consideration the special needs of cyclists.

Mr Weir: That is right.

The Vice-Chair: So I am anticipating that there would be an amendment to the helmet regulation put forward that would allow for a bicycle-type helmet to fit within the act or the regulations thereof.

Ms de Fort-Menares: Is that all looked after by MTC staff, or what used to be MTC?

The Vice-Chair: I do not know how they are normally done, but there will be a list of those recommendations going with the bill to MOT and we will jointly develop the regulations that will go with the act, should the act pass.

Mr Weir: Yes, that is correct. Otherwise, the way the bill is presently proposed, cyclists would have to wear a motorcycle helmet, so a new regulation would have to be developed.

Ms de Fort-Menares: Is your intent also that people on tricycles wear helmets, or have you not thought that implication through?

Mr Weir: I would hope it would cover that, but it has not been decided yet. I recall when I have gone to visit my mother-in-law who winters in Florida, she rides a tricycle that has 26-inch wheels and 10 speeds, and she goes to town shopping, so in reality she is out on the road.

Ms S. Murdock: Just in relation to that question, we have had presenters come before us who have stated that just getting on their bicycles, they fall. They have not even gone anywhere and they have not even gotten up on it and they hit their head and they end up in serious trouble in the hospital. Then somebody today said that on a tricycle the same situation occurs when they fall. Unfortunately it is a fact that you are raised off of the ground so your centre of gravity is different, and when you fall you do not have control of how your head is going to land, so a helmet would cushion the fall. Just so you know where I am coming from, if we are going forward with a law, you would not put it in partially, you would cover it all. The enforcement part of that is going to be the problem. I mean, how do you take a two-year-old and charge him with a ticket?

The Vice-Chair: We can now allow you to go forward with your presentation.

Ms de Fort-Menares: Thanks. It is not much of a presentation.

Ms S. Murdock: No, it is good.

Ms de Fort-Menares: My main concerns tend to be negative and not entirely in support of your legislation.

There is a certain problem in what I am talking about because my experience is in Toronto. We are all sitting in

Toronto but there is a whole province out there where the situation is a little different. I am aware of that and in some ways I think that as well comes into consideration of the legislation.

Bikes are free and cheap and all of this stuff and good for the environment. There are four main reasons people use bicycles: for pleasure, for convenience, for sport and for transportation. I think that two of those areas are already really completely wearing helmets. Sports people and most transportation people, especially people like bicycle couriers and so on, are wearing helmets already. You are dealing with the converted.

1640

I think the pleasure and convenience groups will be adversely affected by the proposed legislation. I think they will be hard-hit and I do not know if you have considered that. I wanted to bring what I think is relevant to your attention. There is this issue of the financial burden, especially with the cost of helmets now.

What I think comes into play here is that cycling should be promoted as alternative transportation. It is transportation for people who may not have any other means, and this is something I have seen in Toronto and other cities all over the world. You may not be able to walk two blocks, but you can get on a bike and go two blocks and do your shopping and socializing. You may not have a licence, you may not have a car, but the bike makes it possible. I see older people all along Bloor and Danforth who do that. They are often on the sidewalk too, which is a problem. Anyway, they are there on their bikes doing things that I do not think they could do if they did not have a bike.

Now, if you have this helmet legislation, I think what will probably happen is that they will either not wear the helmet, because they will not get one, or they will not go out. So I see this whole quiet, almost invisible constituency of cycle users getting cut out of their means of transportation and of movement getting to places.

The other group is kids and people financially affected. There are people who I think will not see the point of the helmet because they go two blocks on their residential street to get down to the store or the bank or whatever. And there are people of course who cannot afford it. Forty dollars is a meaningful expenditure for a lot of people, especially people with more than one kid. It is where education makes it something that is just ingrained. Punitive legislation is a different kind of problem, I think, imposing that on people. "You have to spend the money or you can't ride the bike," I think becomes a real difficulty.

For other people who use bikes really casually, once or twice a year, I do not think the outlay on the helmet will necessarily be seen as having any return for the use of the bike. People who use bikes once or twice a year are good candidates for getting them to switch over to cycling, if they perceived it as a safe thing. Most people do not perceive it as safe in Toronto, and it has nothing to do with helmets. It has to do with where you have to bike on the road.

There is this large thing about who is getting affected, who uses bikes, why, and how they are getting affected by

the proposed legislation and what it will mean for them in their daily lives. The issue of enforcement I think removes people's choice. If you do not want to wear your seatbelt that is your choice. You can ride down the street in your car and maybe they will not see you; you accept that. If you are on a bike without a helmet you can be seen six blocks away and then it becomes a selective issue of enforcement.

There are a lot of problems with community relations with the police in Toronto, and who is it who is going to have helmet things enforced? Young males presumably, who are probably already high targets for harassment from police. Whatever, it becomes I think a real problem about who is going by without a helmet and getting stopped and who is not.

My last point is about amending the Highway Traffic Act only for helmets. One, I think the Highway Traffic Act should be completely and comprehensively revised with regard to bicycles altogether. I think the question of whether bicycles should be in the Highway Traffic Act should be considered, how they are defined. They have basically got all the restrictions of the act and no benefits or protections whatsoever. I think things like priorities should be sorted out. The longest paragraph in my submission addresses this basic issue about why there are deterrents to cyclists. It is because the whole system is set up for cars. I mention some of the articles in the act that I think are particularly problematic.

In summary, I think the proposed legislation threatens to reduce the availability and encouragement of cycling, which I think should be encouraged.

The Vice-Chair: I am going to allow for only one quick question from each caucus because of time, and because we have another time problem that is going to rapidly take place here and infringe upon people presenting later. I will ask Ms Cunningham to start off.

Ms de Fort-Menares: If I can just restate the position, it is not that I am opposed to wearing helmets; I am opposed to punitive legislation. It gives no other benefits to cyclists.

Mrs Cunningham: Thank you for being here today because I do not think there has been a witness before us, no matter what his or her position, who has not given us some ideas on what we ought to do with this legislation. I do not think there has been anybody, a committee member or an observer in the audience, who has not gone away from these meetings being tremendously enlightened as to the problem we are trying to solve. This is a health care problem that can be dealt with, as opposed to some of the health care problems we see in our neighbourhoods every day that cannot. Today, were you able to be here for the first couple of presentations?

Ms de Fort-Menares: No.

Mrs Cunningham: We asked a question of Dr Michael Schwartz, a neurosurgeon in Toronto at Sunnybrook Medical Centre, an expert in the field. We are very concerned about imposing something like this on people's lives, and his response to us was that he resented the fact that people did not wear helmets, got into trouble and he had to get up in the middle of the night and spend—you heard the previ-

ous presentation by Larry Donaldson from the Healthcare Rehabilitation Center, who told us about the tremendous cost, millions of dollars, for an individual who has a brain injury. We have been pretty well warned by people who appear before the committee and who work with trauma units, and parents.

One of the most poignant presentations yesterday with regard to costs was a mother, Trish Woodworth, who described the loss of her 21-year-old daughter this year—she died this fall. She was a law student, and her mother was told in the intensive care unit that if her daughter had been wearing a helmet she would have lived. This woman was a single parent. She phoned me today and said, "Don't let cost—\$20 to me, or \$40 or \$60 I would have given any day to save the life of my daughter."

Ms de Fort-Menares: Anybody does, retrospectively.

Mrs Cunningham: It does, but when we came to this committee many of us had the same concerns you have, and we still do to a point. We are trying to be responsible, but as for being restrictive, I think we have asked that question. Two people have told us they feel restricted having to pay so many dollars for health care, and the quality of people's lives.

We have been totally convinced that these helmets can be produced for \$20 and probably here in Ontario. Even if we enacted this law within a year we were told we could come up with millions of helmets. The workforce is ready to move on and do it. I will stop, but I just want you to know I am in favour of cycling and wish we would have more people cycling. We do not know if this will be restrictive.

Mrs Fawcett: Ms Cunningham did touch on what I—I wondered if you had heard the presentations, especially by the doctor, and I know in retrospect we would definitely pay the money. Is there a figure you think people might be able to afford?

Ms de Fort-Menares: I cannot speak for other people's finances, but I think probably under \$40.

Mrs Fawcett: Under \$40, right. I agree with you. I think, presented with the alternatives—I think it is a whole education process. We were just discussing here how we brought in the seatbelt legislation. I do not think we came in with the seatbelt and the penalty, we tried to get people to do it voluntarily before the penalties, and possibly that is a way. Thank you very much for your presentation.

Mr Klopp: I appreciate your coming forward. A lot of people, when they have negative comments, do not bother coming. Your comments are ones we all generally share. We all feel we should have some form of helmet. I come from a rural, area and whether it is pleasure or going to work, an accident is an accident if you fall.

We really believe, especially on this side, that promoting conditions for safe, responsible cycling goes hand in glove with this project. This is not a case of, "Oh, you are going to pass a law." We have to look at the whole procedure.

1650

I remember getting my licence a few years ago, and bicycling and tricycling was never brought into it. I feel ashamed. Coming from rural Ontario, I never really realized

it, but moving down here for a few months I recognize it, even back in good old Huron county.

Your points are taken very seriously on this side. We are going to look at them and we generally feel we should be moving forward. It is getting down to between \$17 and \$20 for a helmet; a case of beer is \$25. What is more important?

The Chair: Ms de Fort-Menares, on behalf of the committee I want to thank you for taking the time to come here and present your views and engage in the conversation with committee members. We trust you will keep in touch with Ms Cunningham, the author and sponsor of the bill, or with Mr Dadamo, the parliamentary assistant to the Minister of Transportation, or whichever MPP you wish. They similarly, I trust, will keep you advised of the progress of this matter.

We appreciate your coming, taking the time out of your schedule. We invite you to return on other issues or on this one when it reaches other stages of its development. Of course, as Ms Cunningham points out, you are welcome to stay. Some people view that as a form of punishment. I invite you to stay, either here in the committee room and hear other submissions, or visit the assembly while you are here in the building.

Mrs Cunningham: That is the punishment. Stay here.

Ms de Fort-Menares: Not that it is necessarily punishment, but I am afraid I am late on several projects. Thank you very much for having me.

SELWYN PUBLIC SCHOOL

The Chair: The next presenter is Allan Cobb. Mr Cobb, please come up here and be seated. We have a written submission from you which will now be part of the record, an exhibit in this exercise. I am going to tell you, and others who are present, that at 5:45 there is a vote in the House to which all members will be aggressively whipped. That is not quite as it sounds, but it is remarkably close. That means we are going to have to try to compress the balance of submissions into the remaining time frame. As I say, we have your written submission. Please spend a short time elaborating on that and leave us some time for questions and commentary, sir.

Mr Cobb: I will, and I will be finished way before then. I am the principal of Selwyn Public School in the borough of East York. Our school has children from four to 10 years of age.

Last year we were one of four schools in East York which participated in the Be Bike-Smart bicycle helmet education intervention program sponsored by the Hospital for Sick Children and Kiwanis International. The East York health unit provided leadership for this pilot program at our school. They will be presenting later on this afternoon.

At the beginning of the program, our community health nurse made presentations to our staff and to the executive of our home and school association. Both groups were very enthusiastic about the prospect of encouraging children to wear a proper helmet when riding a bicycle and therefore cutting down the number of head injuries.

A school planning team, comprised of the principal, teachers, parents and students, examined means of promoting the use of bicycle helmets. Assemblies were held in the school for both the primary division and the junior division. The intent of the assemblies was to provide further information with respect to the need for wearing a helmet while riding a bicycle. Laura Robinson, a former Canadian Olympic cyclist, was a guest speaker for both assemblies.

One of the activities developed by the committee was a school-wide contest to design posters encouraging children to wear bicycle helmets. This was a very successful activity. Prizes for the contest were provided by our home and school association and Kiwanis.

Our final activity in April was designed as a parent information night and a helmet-fitting and sale session. The first 40 families were given a \$5 rebate coupon, which could be traded in for cash once a proof of purchase was provided for a new bicycle helmet for their son or daughter.

Dr Pat Parkin provided the parents with information with respect to the potential injuries sustained when the individual was not wearing a helmet, and the benefits of wearing helmets. Eighty parents attended along with many children.

During the campaign a grade 4 student was involved in a bicycle mishap over the weekend. Jason, who was not wearing a helmet, collided with the curb and was unconscious for a short time. His younger brother was able to summon help. Fortunately, Jason only received bruising about the head. Back at school, Jason was able to dramatically point out the disadvantages of not wearing a helmet. However, his mother was not convinced that a helmet would have made a difference. Had Jason been wearing a helmet it would have made a positive difference. Adult role models with respect to wearing helmets are few and far between.

The educational process will produce positive results over a given amount of time. Usage at our school increased from 3.5% to 16% over the period of one year. But can we afford to wait for better results given the serious injuries that occur with youngsters and bicycles? Statistically, it can be shown that when children put on a helmet while riding a bicycle fewer head injuries occur.

It would be much easier if youth in great numbers started wearing bicycle helmets on a consistent basis. But, like motorcycle helmets, restrained baby seats in cars and seatbelts in cars, the state sometimes must protect those who do not protect themselves. I speak in favour of the bill which will require bicyclists to wear helmets when riding our roadways. I view this proposed legislation as an extremely important measure of preventive medicine.

Yes, there will be resistance; yes, there will be difficulties enforcing the law, but if the bill is able to reduce the number of head injuries and deaths associated with youth and bicycles, it will be well worth it.

The Chair: Thank you, sir. We are going to look to members of this caucus for any brief questions or commentary.

Ms S. Murdock: I want to thank you for coming here. Actually, I think the Hospital for Sick Kids used your school in one of the examples on Monday's presentation. I

am really impressed with the differential from the 3.5% to the 16%. I think that says a lot for the education idea and the education system in conjunction with the legislation. It is important that both go hand in hand.

I just wanted to make a comment. The member of provincial Parliament I worked for four years ago was a man by the name of Elie Martel who has been a strong proponent in the area of head and neck injuries for years and years. In fact, I think after he resigned he wanted to get the government of Ontario of the day to set up, I think it was, a sports injuries committee. What people do not realize is that head and neck injuries in this province are so much more prevalent than—they think they are car accidents more than anything else. They do not have the idea that, for instance, diving accidents, hockey accidents and bicycle accidents cause so much injury and so much cost to our medical system. I really commend you. I am glad you came and thank you very much.

Mrs Fawcett: Have you noticed that the 16% you reached for—I assume that is students wearing helmets after the program.

Mr Cobb: Yes.

Mrs Fawcett: Is that continuing? Are you holding it? Has it worn off or are you continuing to drill and review, the old adage in teaching?

Mr Cobb: It is hard to tell. This is part of a project, but what I can say is we will be into our second annual program like this in the spring. I am sure if they do some measuring then the percentage will increase.

Mrs Fawcett: What kind of feedback did you get from the children? Were they really excited to participate? Were there a lot of reneges?

Mr Cobb: We had a lot of enthusiasm from the children and there were a lot of purchases made at the time. But I guess the reason I used the example of the individual is that—we can say the educational process is very important and it is, but what children hear at home from their parents sometimes can—

Mrs Fawcett: You only have them a few hours.

Mr Cobb: You lose part of that impact.

Mrs Cunningham: Here we have a school principal taking the time in his busy life to come down here. I think he is a credit to his profession. Mr Cobb, I thank you for the work you have done in your own school and for coming here and giving us a living example of what can happen in part of the implementation process which we feel very strongly about, the education part. We will probably be in touch for your help and guidance.

Mr Cobb: Thank you.

The Chair: Sir, on behalf of the committee, I thank you. Mrs Cunningham pointed out the time it took to prepare this and we appreciate that. I should tell you that either Mrs Cunningham or Mr Dadamo, as the parliamentary assistant to the Minister of Transportation, or any other people, would probably be pleased to participate in your next program dealing with the educational exercise you spoke of. They would appreciate an invite, I am confident of that. Say hello to your school. Bring your students

by at some point in the near future. They are welcome here too and it is always an interesting exercise for your students. Thank you very much, sir.

Mrs Fawcett: Just quickly, are there other classes that are going to do this? Are there other classes or other schools that are going to take part?

Mr Cobb: We have an offer from our unit that it will implement this type of program in as many schools as are interested next year.

Mrs Fawcett: Thank you. Good news.

1700

CITIZENS FOR SAFE CYCLING

The Chair: The Citizens for Safe Cycling. There have been several pieces of material distributed. Please sir, tell us who you are and proceed with your comments.

Mr James: I am Peter James. I am representing Citizens for Safe Cycling. First, I will do some background on myself and our group.

I have been cycling for recreation and as a mode of transportation for over 25 years. I occupy the legislation chair for Citizens for Safe Cycling and I am qualified in cycling instruction by the Canadian Cycling Association. I have given the Canadian Cycling Association education courses with adults and children, and I recently taught the police bicycle patrol officers in both Ottawa and Nepean. I have two pre-teen sons, both of whom cycle regularly.

Citizens for Safe Cycling is an independent association based in Ottawa-Carleton. It was formed in 1984 by a group of concerned cyclists in response to seven cyclist deaths within a one-year period. The issue of cyclist safety has therefore always been a prime driving force behind our activities. We realized early on that proper education was an important component in promoting cycling as a viable, safe and efficient mode of transportation.

Our activities are currently supported by over 1,400 local cyclists. Since 1984, we have worked for better cycling education, for improvements in the design and construction of roads and other cycling facilities, for changes in cycling-related legislation and for proper enforcement of existing legislation. We have promoted the wearing of helmets and encouraged non-cyclists to use bicycles whenever possible as a mode of transportation.

Our achievements since 1984 have included regional funding for a bicycle education and safety co-ordinator and the creation of cycling advisory committees in the four largest Ottawa-Carleton municipalities. We also persuaded local police forces to use bicycles for policing operations. This year, we conducted a helmet promotion campaign which was funded by MTO to the tune of \$5,000.

At the provincial level, we have worked for several years to obtain a review of the outdated provincial bicycle policy. We submitted papers describing existing problems and we recommended changes that would ensure that cycling would be treated equally with other modes of transportation as far as funding is concerned for cycling-related road improvements and legislation that was applicable to cyclists. The results of this review are now awaiting ministerial approval.

From the very beginning, we have encouraged both experienced cyclists and less experienced cyclists to take the Canadian Cycling Association's Can-Bike courses, and we have actively promoted the use of helmets at all times. It is part of the course material to discuss the effects of helmets and their benefits in regard to cycling accidents. Several of our executive members are qualified instructors. We teach at schools, further education institutions and workplaces, and, as I mentioned before, I taught the Ottawa and Nepean police bicycle officers.

The issue of bicycle accidents is an aspect of cycling that concerns us greatly. It is what our constituency is bringing to us as one of the problems they see. We receive many reports of cycling accidents, and several of our members have joined us after an accident to learn more about and to promote the safe operation of bicycles.

You will note that I have used the word "accident," not "injury." I want to make a deliberate distinction between the accident, which is the cause of the injury, and the injury, which is one of the symptoms of the accident.

Bicycle accident surveys show that cyclist behaviour is a significant contributory factor to many cycling accidents. This behaviour is often the result of an almost complete lack of cycling education.

At school, our children do not receive any cycling education from anyone who is knowledgeable and qualified to teach cycling. They may receive misguided advice from non-cycling teachers or police officers to keep out of the way of cars, but they are not taught how to interact with other road users. Compare this to swimming. In Ottawa, all grade 4 and 5 students take Red Cross courses given by qualified instructors. As a result, these children have good basic swimming abilities. More important, they are taught to follow safety precautions such as never swimming alone, using the buddy system, and not entering unknown water without checking that water first.

As adults, many cyclists, who by this age probably know the rules of the road, do not obey those rules when they are riding their bicycles. Why is this? One reason is that because of their earlier lack of education, many cyclists do not think of the bicycle as a vehicle and therefore do not consider that the rules of the road are really applicable. This same lack of education causes such a misunderstanding of the risks that many cyclists, in an effort to reduce those imagined or misunderstood risks, actually increase their real risks.

For example, bicycle accident studies show that very few cyclists are ever hit by a motor vehicle from behind. This does happen more at night, but this is often because the cyclists do not have adequate lights. But many cyclists are so frightened of this perceived danger that they go to such lengths to avoid it—by, for example, riding facing traffic—that they create a significantly greater risk of being involved in an accident. Their presence is now not able to be anticipated by other road users who are thinking in terms of the regular rules of the road.

One of our objectives in cycling education is to remove these misconceptions and to establish an understanding of the real risks so that accident avoidance can be concentrated on those accidents which are actually likely to occur.

As a result, the properly educated cyclist feels a great deal safer on the road and the accident rates of these cyclists are much lower than those of typical uneducated cyclists.

Looking at this particular piece of legislation, if it is enacted, will it be enforced? It is an unfortunate reality that police officers do not see the enforcement of legislation against cyclists as being a major priority. Together with other cycling groups, we have tried hard to change this, but with limited success.

Can we expect this attitude is going to change for helmet legislation? As an example, there is legislation in place which requires that cyclists have lights and reflectors on their bicycles at night. By making cyclists more visible, this legislation both increases the safety of cyclists and makes it easier for other road users to see the cyclists.

Enforcing this legislation is relatively simple. It is easy to detect that the cyclist is not obeying the law. There can be no argument as to whether the cyclist has the required lights on his bicycle, but enforcement is almost non-existent. This was clearly shown in Ottawa-Carleton this September as local police forces undertook a bicycle lights campaign. At the end of a week, fewer than 10 charges had been laid and fewer than 10 warnings had been issued.

It would therefore appear that additional funding will be required to enforce this legislation. Otherwise, helmet-law enforcement will have to be at the expense of the enforcement of some other cycling legislation. There is funding that could be made available. We have not been told that it will be. We heard this week that the OPP is so short of funds that calls are going unanswered and almost no overtime is being worked. Municipal budget cuts can be expected to have the same effect on the operations of local police forces.

If the legislation is not enforced, there will be many cyclists who probably will not wear helmets, and the law will be brought into disrespect. This will also reflect unfairly on those cyclists who are law-abiding, and the task of obtaining fair and equal treatment for cyclists will become that much more difficult.

I have heard a lot of discussion that one of the biggest issues is of children and injuries to children, but it does not seem to have been resolved as to how the legislation is to be enforced against children. Is a police officer in a cruiser going to swoop down on a group of children playing in the street and write out tickets for each one? Will the officer escort the children home and chastise their parents? Some of the children will probably run away. Is the officer going to chase them in his car? It will not take long for children to realize this legislation is not likely to be seriously enforced, causing them to be unprotected, disrespectful of the law and disrespectful of police officers as well.

I also want to address the issue of promotion and encouragement of helmet wearing. It is all very well to pass a law that requires everyone to wear helmets, but we do not yet have a consensus among the general cycling public that helmet wearing is necessary or effective. The law by itself will not change this.

The experience of other jurisdictions is that a concentrated promotion campaign is essential and that significant voluntary compliance should be achieved first. Studies that

have been undertaken by Dr Cushman in Ottawa have shown a significant increase in helmet-wearing rates over the last three years. We have already achieved levels of about 25% for elementary school children. As well-designed helmets become more available, these wearing rates can be expected to increase, and 1991 was the first year when approved helmets that were reasonably affordable—let's say less than \$30—were widely available.

There are promotion campaigns at the present time, but many are not well co-ordinated and they do not send out a consistent message. It is essential that education on safe and proper riding techniques be included in these campaigns. The campaign should not just address the need to wear a helmet. It should look at the reason why you are wearing a helmet and what other measures can be taken to avoid accidents. We know the MTO has made a good start in this direction, but funding and support for a properly co-ordinated campaign must be maintained.

In summary, we are extremely concerned that the helmet bill is taking a very narrow approach to the serious problem of bicycle accidents and injuries by seeking to prevent the injuries without addressing any of the causes of cycling accidents. We acknowledge that many members are concerned, very concerned, about the incidence of cycling injuries, particularly to children. We urge you not to choose a quick-fix solution that will prevent some injuries but will not prevent any accidents. We ask you to take time to consider all aspects of the problem and we request that you look at this bill and decide whether it is sufficiently effective in its present form.

We further request that you provide positive support for measures to improve and expand cyclist and motorist education and to undertake effective helmet promotion campaigns that will increase helmet-wearing rates without ignoring other means of reducing cycling accidents.

1710

Mr Dadamo: We have talked about many things with the groups we have had the opportunity to talk to. Cost has come up, and we talked about the health burden on our society. We talked about using parents for role models.

As a politician, you find out very quickly that you cannot please everybody, that you offend somebody. What we are trying to do is to find some common ground and possibly legislate something, at least looking at this piece of legislation, that will make everybody happy. What I would like to find out from you is how we are going to, in your mind, enforce this from a law perspective.

Mr James: We have wondered what the answer to that question is in respect of, let's say, bicycle lighting. We have lobbied as hard as we can to get proper enforcement of that. We have attempted to encourage local police forces and have provided them with material to permit them to undertake lighting enforcement campaigns, yet it just does not seem to happen. Clearly it would seem that the police need more encouragement than just that of groups such as ourselves to get them to enforce a particular piece of legislation.

Lights on bicycles not only reduce injuries, they reduce accidents as well. If you can reduce accidents, you are

going to reduce those injuries right away. So it is proactive in that sense. It has an obvious benefit, but we have been unsuccessful in real terms in getting that enforced.

Mrs Cunningham: I think that when you put this brief together—I am assuming this is the one that you put together for us?

Mr James: Yes, that is our written brief.

Mrs Cunningham: The questions you are asking are the same questions we had at the beginning of the hearings. Some of them, in my view, have been answered as we go along, and I think you would probably be pleased to know that we share all of your concerns.

With regard to the helmet standards, we intend to put those into the legislation, and anything you would give us with regard to what you think ought to be there as part of either the legislation or regulations, whatever is appropriate, we would appreciate hearing from you. I am giving you about four things to respond to now.

With regard to the enforcement of the law against children, we have talked about other precedents. We just today talked about the Maryland experience, where in fact there are two levels of fines. I am not sure you were here for that. You have been here for a little while? You heard that?

Mr James: Yes, I have been here all day.

Mrs Cunningham: Then you will know that I made a statement about that, and you might want to respond to it. The implementation program is one that we are very concerned about, and perhaps you could give us a time frame that you think would be fair.

With regard to "MTO's support not stated," I was hoping, personally, that nobody would talk about their support or otherwise until we had the public hearings, because what we were looking for were ideas on how this whole thing could happen, if indeed it was appropriate at this time in Ontario.

So what we have been looking for is good advice around enforcement. Rather than telling the whole world what we are going to do and getting them angry, we have taken a different approach. We all feel pretty secure about some of the things; for example, are helmets available? We think that question has been answered. The phasing-in period: we think we have an idea about what we would like to do there. But there are some that we would like to hear from you on, and I have given you four.

Mr James: On the issue of helmet standards, I am well aware that the motorcycle regulation specifies ANSI, Snell, CSI and CSA, and I would expect that a comparable regulation would be written with respect to bicycle helmets. But those helmet standards do not address children under five. There are no standards for helmets for children under five. It is difficult to see how legislation can be enforced if a regulation is attached to the legislation and the standard which is referenced in the regulation does not apply.

Mrs Cunningham: What would your recommendation be, given what you said?

Mr James: If you are going to quote a standard in a regulation it has to be relevant in some way to the people

who have been enforcing it, unless the regulation would exempt children under five from having to comply with the particular standard.

Mrs Cunningham: That would be my guess too. Is that your recommendation, given what we all know right now today on children under five?

Mr James: You leave it very open then that a parent could put a child in any helmet, and it may not even be a cycling helmet. There are problems with using non-cycling helmets for cycling use.

Mrs Cunningham: We would not do that, given the evidence we have here. You are an expert, so I am asking, what would you say to us, what would your recommendation be? We do not know what the answer to the question is. What would you say in the regulations with regard to children under five? That is a very difficult question we are asking you.

Mr James: The regulation would have to be written in a manner that would identify what a bicycle helmet is without referring to a standard, because there is not a standard that identifies what a bicycle helmet is for a child. We certainly would not recommend that any helmet could be worn by a child. Hockey helmets, for example, have lots of protrusions on them and they are not suitable for cycling. The recommendation would be that a bicycle helmet has to be identified without referring to a standard. Now whether or not that is a logistical nightmare is beyond my experience. It is certainly not as easy as referring to a Canadian standard, because that can be done in one line—everyone knows what a Canadian standard is.

The Chair: Mr James, on behalf of the committee, I have to say thank you very much for taking the time to present this material and your comments. Obviously there is great interest in what you have had to say. Mr Dadamo, from the Ministry of Transportation and parliamentary assistant to the minister, and Mrs Cunningham, the sponsor of the bill, will undoubtedly be keeping in touch with you. Please keep in touch with us. If there is more you want to say, feel free and feel comfortable contacting us. Take care, sir.

ALAYNE MCGREGOR

The Chair: Ms Alayne McGregor, good afternoon and be seated. Please tell us what you want to tell us. Try to give us some time to talk to you. Please use several minutes to address us and then leave us some time to question you.

Ms McGregor: My name is Alayne McGregor. I am a member of the city of Ottawa Cycling Advisory Group and Citizens for Safe Cycling, but I am speaking here as an individual. For the last four years, for eight months of the year, I have been cycle-commuting to work. I also use my bicycle as my main means of transportation. I always wear a bicycle helmet and I urge my family and friends to wear bicycle helmets as well.

The reason I am here today is to talk about bicycle accidents and why they happen. I guess I am a bit of an expert on that because I seem to have this horrible tendency to have one bicycle fall a year, to my great chagrin.

But contrary to the stereotypes, none of these bicycle accidents has ever involved a car. In fact, in general what they have been is falls. Normally what they have been caused by is the road surface itself. I should also note that in every case I was able to ride away from that fall.

For instance, in the spring of 1989 I was cycling along a road in Kingston. I had to move out into the road because there was a parked car, so I did a shoulder-check as is proper practice and because of that I missed seeing a parallel crack in the road. What happened was my front bicycle wheel got caught in the crack and I went over the handle bars and I landed right here on my head.

Luckily, I was wearing a helmet. I am going to pass the helmet around. If you look at the left side where the strap is, you will notice how the foam was completely compressed at that point. That is where I hit and I am very glad I was wearing a helmet, because as the doctor at Kingston General Hospital told me it probably saved my life.

I would like to jump ahead to the summer of 1990. It was a beautiful clear day in Ottawa and I was late for an appointment so I was taking a corner pretty fast. It was a corner I had gone through lots of times before and I knew how fast to take that corner, except what I did not know at that point was that there was two inches of sand on the corner left by some blankety-blank city workmen. What happened was that I took that corner fast and my bicycle went like this and I landed here and here, and boy, did I land hard because of the sand.

I am going to pass around a picture taken of me five days after the accident occurred. You can see the injuries from that particular accident. I did not hit my head in the slightest in that accident. My head did not touch the ground. The only thing that touched was my arm and my leg, but at the same time the doctor told me I had one of the worse cases of haematoma, which is a fancy name for a bruise, that he had ever seen.

1720

I would like to contrast the two accidents. Both of them caused me considerable pain and suffering for several weeks afterwards, and both of them were primarily caused by improper maintenance of the road, but in only one case was my helmet of any use.

I have also had the clerk pass around an article from the Ottawa Citizen about a local Ottawa cyclist named Marc Lamarre who was cycling down a local road and happened to collide with some other cyclists who were doing bizarre things on the road. Mr Lamarre was wearing a helmet, but his helmet did not help him at all because what happened was that he managed to break a couple of ribs and shatter some bones in his leg, and now he is not going to be able to cycle any more. Again, what I am trying to say is that you can have serious accidents on your bike and the helmet is not going to be the cure-all.

Clearly, helmets reduce the severity of certain types of accidents and that is why I wear a helmet and that is why I think they are a darn good thing to have. But they do not prevent accidents, and that is why I am worried about this bill. I am worried that a mandatory helmet requirement is going to be seen as the solution to bicycle injuries. I am worried that helmets, which lessen the effect of one type of

injury, albeit the most serious injuries, will be seen as the magic bullet that prevents bicycle accidents. They cannot.

Bicycle accidents occur for a whole bunch of reasons: bad road surfaces, unleashed dogs, law-breaking cyclists, law-breaking motorists, carelessness, mechanical failures and all sorts of things. The way you are going to address these is by proper law enforcement and education campaigns. I can speak for that myself. I have taken a Can-Bike skills course, which is the Canadian Cycling Association's course, last year after my accident and I found that it did help me. It did not help me in terms of learning how to avoid cracks, how to dodge rocks or stuff like that. I think I have managed to avoid a bunch of accidents since then.

But if this government spends the money it is going to spend to promote the mandatory helmet bill and to educate the public about the mandatory helmet bill, I am worried that there is going to be at some point a resources crunch, that we are going to say, "Okay, we do not have enough both to promote this mandatory helmet bill and do the other types of education to educate people on how to prevent accidents and to educate motorists and cyclists how to share the road."

I am all in favour of helmet promotion. I think the government should continue the campaign it is doing now to promote helmets, but there is an additional cost on top of that for the mandatory campaign. I am just wondering where that money is going to come from. I have a prejudice in favour of preventing accidents rather than minimizing their effects afterwards. That is what is worrying me about it.

I would also like to mention a second concern with Bill 124: the standards, which we have talked a little bit about before. As I am sure you have been told, hockey helmets will not work, but I suspect we are going to see a lot of them if this bill actually happens.

For example, last summer I was coming out of a local park and I saw this family come along. There was a mother and father and two little boys on their bicycles. The two little boys were wearing hockey helmets and the hockey helmets were not even clasped up. So if those kids had gone off their bicycles, the helmet would have been over here and they would have been over there. They would have been absolutely useless, but this family was obviously firmly convinced, "Well, I am protecting my kids because I have got them to wear a helmet," even though the helmet would have been useless. I think you can have a big campaign in order to educate Ontarians about what type of helmets are needed, how to wear them and how to wear them properly.

This is my current helmet. I did not finally figure out until this fall how to properly adjust the straps so that the helmet did not fall back. I kept having to push it back and push it back and then finally a friend of mine told me what I should do. Yet I am an experienced cyclist. But there was nothing in the information that came with my helmet to tell me what I have to do to adjust this helmet properly. None of the people in the bicycle stores told me how to adjust it properly. So I am saying that there are real concerns there.

If this helmet bill is going to actually protect Ontarians, it is going to take a careful setting of helmet standards and

a massive educational campaign. It must be combined with measures that actually prevent accidents rather than just minimize the injuries. I hope as much as you do to reduce cycling deaths and injuries, but this bill is not going to be enough on its own.

The Chair: Thank you for an enlightened and speedy commentary on the legislation.

Mrs Cunningham: I enjoyed it. I enjoyed it because the concerns you have raised are the concerns the general public raises. Three weeks ago most of us would have done it, I think, almost the same way you did today. Now we have had the privilege of having people like yourself come before the committee to raise questions it is our responsibility to get the answers to, and have experts come before the committee to answer those questions.

The reason I introduced Bill 124 was with regard to prevention, that is, to prevent head injuries, to prevent the unnecessary loss of life or quality of life, to prevent taxpayers' dollars being spent on rehabilitation, and to prevent a neurosurgeon who sat here earlier today having to get up in the middle of the night and do something that he wished he never had to do; he wished he did not have the job.

Regarding standards, you are absolutely right. You used the word "careful." We promise, and we will take your advice on that. Massive education, you are absolutely right. We do not have the answer to that, but, boy, we are going to get it before we deal with this legislation, because it would be irresponsible to do otherwise. As for road safety, most of the cyclists who have been here have all complained about that.

So I would like to thank you very much. You have given us more challenges. My compliments are to Ottawa, though, for setting a standard that has been quoted lots before this committee with regard to the 25% compliance with the cyclists who wear helmets. That is something to be proud of.

The Chair: Quite right. Thank you, Mrs Cunningham.

Mrs Fawcett: Ms McGregor, I just wanted to say that I think your expertise and knowledge in this has provided us with a lot of very valuable information. Thank you for coming.

Mr Klopp: I really do believe we are just here passing a law. I would not be as excited about it. I think it is only the beginning of the end. Your comments about education are bang on. Do we have enough money as government? Well, there is never enough. But in fact many of the groups have realized that government is not some fictitious thing, that it is their money, and they have come forward and said, "You put in legislation, and that will be our plus, and we will do a lot of the work," instead of the reverse model, which in the good old days people have taken. These tougher times have maybe made us all more aware of that. So I take your comments seriously, but I think we do need to get on with it.

The Chair: Ms McGregor, all of us thank you for taking the time to come here, for your interest and your organization's interest. We appreciate you are here in your own and your organization's interest as well. The interest of avid and enthusiastic bicyclists in this issue is impressive,

and we are pleased to see people like you coming from communities across Ontario showing an interest in their government and in this legislation. Mrs Cunningham is the sponsor of the bill. She would be pleased to hear from you down the road, as would Mr Dadamo, who is the parliamentary assistant, or any other member—your own member, for instance, among those. Thank you. Have a safe and comfortable trip back home.

EAST YORK HEALTH UNIT

The Chair: The East York Health Unit has braved and endured difficult traffic conditions. Sorry about the timing, people. To make you come during this time of the afternoon was indeed cruel, but perhaps it is the propensity of government to impose that sort of hardship on the electorate. Would you please tell us who you are and highlight your submission so that we have some time. Perhaps you could spend five or six minutes on your submissions and then give us some time to ask you questions.

Mrs Shortt: I am Linda Shortt, director of adolescent health at the East York Health Unit. With me are Peggy Howorth and Tish Willekes, who are two community health nurses who co-chair a helmet promotion committee in East York and who have been involved in helmet education, and Gail Nyberg, who is a member of our board of health and a trustee on the board of education for the borough of East York.

I just want to say one thing, and that is that we are here to speak from our perspective, which is an educational one. I think you have heard a lot about the statistics about injury and hospitalization, but we do not intend to go over those. We want to talk a little bit about what education can achieve and what it cannot achieve. We are here from a public health perspective, which is that of preventing injury and looking at the most efficacious way of doing that.

Mrs Willekes: I am going to spend a brief few minutes describing the program we implemented in four of the East York schools in April, 1991. When we started our planning we realized we had three major factors to address in our programming. One was that we felt the majority of parents had absolutely no idea of the statistics concerning injuries and death of children in bicycle accidents. Second, we were very concerned around the whole issue of the cost of helmets and how we were going to address that, because two of these schools were of low-income families. The third concern was how we were going to convince the older students, when peer pressure was stating that to wear a helmet was not considered a cool thing to be doing.

The programs were all school-based, but we tried to reach into the community and include parents who were motivated and interested in the cause to try to personalize the programs in each of these communities. The program was more or less the same in all four schools. There were three main components. We offered a parent information night when parents had an opportunity to learn the facts, the statistics, how helmets would protect one's head in the event of a bicycle accident. We also brought in people who knew all the dos and don'ts about helmets, how they should be fitted and so on. Our main message to parents was that we felt they had to serve as role models for their children.

1730

During schooltime there were student assemblies and these were totally student-run. We had students perform skits and rap songs and lip-sync groups, all selling the message that helmets were cool and should be used at all times. We were fortunate in finding a female athlete who is a cyclist, and she served as our role model and gave her testimony on how a helmet had saved her life on more than one occasion.

We also had helmet-fitting nights, and we were first of all offering this as a convenience for parents. They could come to the school and in a short period of time outfit themselves and their children with a recommended helmet. We also had retailers that were prepared to sell helmets at a discount at these times as well.

Because two of the schools were of low-income families, we were fortunate in that we had some money given to us by the Kiwanis in support of this campaign and we gave a large sum of money to these schools. The principals decided to structure a rebate-type of coupon that families, on proof of purchase of a bicycle helmet, could get a sum of money back.

The survey, as written in the brief before you, shows that we were very successful. The helmet use went from 3% to 16% after the educational program. As East York nurses, we are committed to continue this education program. We still have a lot of concerns about how long this is going to take to convince everyone that this is the safe way to ride. The statistics basically are saying 16%. We know that most of those heads are small children. We still find it difficult to convince the older children in grades 7 and 8, never mind the high-school ages, that they need to consider this something for them to do.

In terms of moving into certain school communities, we have some problems in that some schools do not have a strong parent involvement. We also have principals who do not allow any cycling to occur on the school property and there are no bicycles that come to school. So it is hard for us as nurses to convince that school body to allow an educational program to happen in that particular school. We feel we need the support of legislation to help us to convince children, especially the older child.

Mrs Howorth: I am not going to speak to you as an educator, although I am very involved in an education program and I really believe in the education program we are doing. I am speaking as the mother of a teenage son who last October became one of these statistics you are hearing about. My son was riding his mountain bike down a really steep hill. His brakes failed, he flew off his bike, and the way he stopped was when his head hit a tree. I spent a week in and out of Sunnybrook Medical Centre with this child who was very ill, and I am convinced that if he had been wearing a helmet, he would have had a sore neck maybe and a sore head, but that is all.

Fortunately, my son in the long-term is going to be all right, but what really brought home to me the message that we need mandatory legislation is the fact that this fairly rational teenager, at the time he was lying in the hospital throwing up and feeling really horrible, agreed that, yes, he

should wear a helmet, but now that he is feeling okay he is having second thoughts about wearing a helmet.

My son owns two helmets. He knows all the risks of riding without a helmet but his stand is that it is an infringement on his personal liberty to be forced to wear a helmet. I am convinced we need legislation to help protect this age group, these teenagers. I am not saying they have no sense, I am saying that over this issue they are a little bit difficult to convince. I think what this legislation will do is help us protect these kids, because I know how much helmets do protect them, and they do save lives. I also think it is going to help parents like me who are very involved with this issue. I could talk to this child until I am blue in the face and not have any effect on him. So that is why I am here today. I realize that there are difficulties with enforcing legislation, but I know it has been done in other places and I think it can happen here and I think it is what we need to do.

Mrs Nyberg: I am part of the political arm of the board of health and the board of education, but I am here more to speak to you as a mother of three teenage sons. They have helmets and what they need from you is the permission to wear them. There are peers, and as you all know, peers are the most important thing at the teenage level, no matter what they do. They have them, they put them on their head, they round the corner, they do not wear them. They need the permission from you to wear them.

Mrs Cunningham: This is not what we expected to hear from you—it is even better. Most of us in this room are parents and we really relate to what you just said. Even in my home where I have a head-injured son, I have to tell you that his friends suffered with him for seven years, the ones who were able to stay with him, visit him and be part of his life to the very small extent they could, and even today some of them do not wear seatbelts, although they lived through the agony of this kid's life—even with the law. But I will tell you that the greatest excuse of all, when I asked him about it, is that they are terribly afraid of having to spend money and pay the fine and getting caught and having points and all these things. I guess that is my story. It never ceases to amaze me after what they have been through, that even with the law—but of course the seatbelt legislation has been so successful.

I can only thank you for everything you have done, and certainly for the active role you have played in the program in those four schools. I am warning you that we will be back to you. Because I think what this committee will feel fairly strongly about, and I have been listening to my colleagues in this non-partisan issue, are ideas on how we can get a community like yourselves to help us with the education part. You have heard the previous presenter talk about the real need for education. Your presentation has been compelling for me. Sometimes you think you are alone as a mother or as parents. Thanks.

Mr Waters: Earlier on in the hearings someone had come in and said we should put about \$800,000 to \$1 million a year into education for people riding bicycles. After the principal was talking, I thought maybe our money might be better spent if we cut down on that and allowed our schools to do a lot of the education with what

is now available, and let people such as yourself maybe take some of that money and put it towards helmets for those who cannot afford them. I would like your opinion on that comment.

Mrs Shortt: That is a difficult one. We are a health unit that has chosen to make injury prevention one of our priorities. By doing that it means that we are choosing not to do other things. We often lay education on the school system—mandatory AIDS education and mandatory this education and that, and sometimes it is effectively done that way. I think what we need is a coalition of people who agree that this needs to be done, and that perhaps education can work with health to create the kind of education that is needed.

But we have more than one target here. We have kids and we also have parents who have to be convinced. I think the issue for younger children is very different than the issue for older children. With education we are probably going to get helmets on beginning riders. I think it would take a long time to get helmets on adolescents and frankly we are confounded about how to do that. I think we need legislation to get helmets on the group of kids who have the highest injury rate, those 13-, 14- and 15-year-olds. They can know the facts and own helmets, but do not wear them because it gives them helmet-head, or whatever it is they call it. So as Gail says, I think we need the legislation to give them permission to wear their helmets.

Ms S. Murdock: Actually a concerned group coalition is probably not a bad idea. I noticed in your enforcement issues in your submission you have a year phase-in period with a province-wide educational campaign. By a year phase-in period you mean what?

Mrs Shortt: A year after the legislation is passed it becomes effective, so that people have a year to gear up and get their helmets and we have a year to really push with education.

Ms S. Murdock: The other thing is—

The Chair: Thank you, Ms Murdock.

Ms S. Murdock: No, I have to ask—

The Chair: Ms Murdock, I am telling you. Mrs Fawcett.

Mr Waters: Ms Murdock, there are four minutes on the bell.

Mrs Cunningham: Four minutes and we are locked out.

Mrs Fawcett: I really appreciate your coming, and I agree with you totally. I do not know what happens to teenagers. Some of them seem to go brain-dead, the fully intelligent people, and yes, we need to help them.

The Chair: I want to thank you on behalf of the whole committee for your interest, for coming here this afternoon. Please keep in touch with Mrs Cunningham, who is the sponsor of the bill, and Mr Dadamo, who is the parliamentary assistant to the Minister of Transportation. Have a safe trip back home. Thank you, people.

Thank you to the committee for its co-operation this afternoon. We will be back on Monday at 3:30 pm.

The committee adjourned at 1743.

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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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Vice-Chair: Waters, Daniel (Muskoka-Georgian Bay NDP)

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Organization

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Amendment Act, 1991

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Première session, 35^e législature

Journal des débats (Hansard)

Le lundi 16 décembre 1991

Comité permanent du développement des ressources

Organisation

Loi de 1991 modifiant
le Code de la route

Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday 16 December 1991

The committee met at 1537 in committee room 1.

ORGANIZATION

The Chair: We are commencing this afternoon's meeting. The first item on the agenda is the discussion of agenda re Bill 118. Mr Waters, what do you have to say to that matter?

Mr Waters: We have five hours of hearings and nine and a quarter hours of people presenting. In one case we have five hours of hearings and 13½ hours of presenters. We have a problem. We went from famine to feast in this particular case. We are going to have to look at how we are going to deal with the fact that we have only limited hours and we have this great influx of people who are going to come before us. I would be open to some discussion as to how we are going to deal with that. Obviously, we have a choice. I think Ottawa was probably the worst one, where we have five hours of hearings and 13½ hours of presenters. As an example, there is no way you can cut the time allotments back enough to cover it. Even with 15-minute time allotments you are not going to make it.

Interjection: How about sitting longer?

Mr Waters: The problem is that you are going to almost a three to one ratio and I do not know how we are going to do that. The only other way is to try to create a balance about people who are coming and cut people off the list, if you can do that. There are a couple. I think Chatham looks good. We have four and a half hours of people coming before us and five hours to hear, so we are in good shape there. When we go to St Catharines, we might be able to do it, because there is only an hour and a quarter difference. Sioux Lookout is the opposite. We have five groups coming before us in Sioux Lookout. Thunder Bay is right on, five for five. I think we have to sit down as a committee and decide what we are going to do. I have never been in a situation where we have had to come up with this before.

The Chair: I am hoping somebody will perhaps suggest spending two days in Ottawa.

Mr Huget: Perhaps it would be a good subject for the subcommittee to deal with in terms of reviewing a list and the requirements, the additional witnesses on the list, the additional time that will be required and all those related issues, and report back to the full committee on Wednesday. I think it is the habit and traditionally the responsibility of the subcommittee to not only determine the witness locations but the witness list. I think it would be expedient if they were to go away, do that and report on Wednesday.

The Chair: You might want to make a motion to that effect after Mr Klopp has spoken.

Mr Klopp: I agree with Bob to have us all try to please each other. I am willing to live with what the subcommittee does. There are three representatives, one from

each group, on that committee. They can make these tough decisions on whether it is two days here or cut one day out and move some people around. I will live with that.

Mr Jordan: In reviewing the numbers, certainly in Ottawa, as Dan has indicated, if you want to take that for an example along with other places relative to the time, but in any of them, just glancing at them, there seems to be repetition. I am sure the material that is going to be presented is going to be basically something we have already heard. When we are reviewing it, would we be free to weed it out that way and cut down on the presentations?

Ms S. Murdock: Actually, following along with what Leo was saying, the subcommittee is a smaller group and a more workable group and can sit down and figure out whether we are listening to the same groups in different communities. If it is the same groups, I imagine that much of what would be said, considering that northern Ontario is different than southern Ontario, would be the same. Therefore, I say the subcommittee would be a more workable arrangement than 12 of us.

Mr Huget: I would move a motion that the subcommittee report back on Wednesday around the deliberations regarding the witness list and determining the witness list and resolve those issues that remain outstanding with the witness list and time allocated for hearings.

The Chair: As part of your motion, are you indicating when the subcommittee is going to meet to consider this?

Mr Huget: I would ask that the subcommittee report on Wednesday, so it is whatever is logistically required for it to be able to do so. They could meet prior to our meeting on Wednesday.

Ms S. Murdock: I suggest we arrange that we meet at 4 pm, with the subcommittee meeting at 3:30 pm, if I can amend that, or whenever orders of the day start.

The Chair: I am bound by the agenda that has been set by the clerk for Wednesday.

Ms S. Murdock: We are not bound.

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Under the new system, the sequence of numbering started in January 1991 will end with the final House and committee sittings of the present First Session. A new sequence will begin on the opening day of the Second Session, and each succeeding session, which will be issue 1 and begin with page 1. Committee reports likewise will be numbered from the first sitting of each committee in a parliamentary session.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday 16 December 1991

The committee met at 1537 in committee room 1.

ORGANIZATION

The Chair: We are commencing this afternoon's meeting. The first item on the agenda is the discussion of agenda re Bill 118. Mr Waters, what do you have to say to that matter?

Mr Waters: We have five hours of hearings and nine and a quarter hours of people presenting. In one case we have five hours of hearings and 13½ hours of presenters. We have a problem. We went from famine to feast in this particular case. We are going to have to look at how we are going to deal with the fact that we have only limited hours and we have this great influx of people who are going to come before us. I would be open to some discussion as to how we are going to deal with that. Obviously, we have a choice. I think Ottawa was probably the worst one, where we have five hours of hearings and 13½ hours of presenters. As an example, there is no way you can cut the time allotments back enough to cover it. Even with 15-minute time allotments you are not going to make it.

Interjection: How about sitting longer?

Mr Waters: The problem is that you are going to almost a three to one ratio and I do not know how we are going to do that. The only other way is to try to create a balance about people who are coming and cut people off the list, if you can do that. There are a couple. I think Chatham looks good. We have four and a half hours of people coming before us and five hours to hear, so we are in good shape there. When we go to St Catharines, we might be able to do it, because there is only an hour and a quarter difference. Sioux Lookout is the opposite. We have five groups coming before us in Sioux Lookout. Thunder Bay is right on, five for five. I think we have to sit down as a committee and decide what we are going to do. I have never been in a situation where we have had to come up with this before.

The Chair: I am hoping somebody will perhaps suggest spending two days in Ottawa.

Mr Hugot: Perhaps it would be a good subject for the subcommittee to deal with in terms of reviewing a list and the requirements, the additional witnesses on the list, the additional time that will be required and all those related issues, and report back to the full committee on Wednesday. I think it is the habit and traditionally the responsibility of the subcommittee to not only determine the witness locations but the witness list. I think it would be expedient if they were to go away, do that and report on Wednesday.

The Chair: You might want to make a motion to that effect after Mr Klopp has spoken.

Mr Klopp: I agree with Bob to have us all try to please each other. I am willing to live with what the subcommittee does. There are three representatives, one from

each group, on that committee. They can make these tough decisions on whether it is two days here or cut one day out and move some people around. I will live with that.

Mr Jordan: In reviewing the numbers, certainly in Ottawa, as Dan has indicated, if you want to take that for an example along with other places relative to the time, but in any of them, just glancing at them, there seems to be repetition. I am sure the material that is going to be presented is going to be basically something we have already heard. When we are reviewing it, would we be free to weed it out that way and cut down on the presentations?

Ms S. Murdock: Actually, following along with what Leo was saying, the subcommittee is a smaller group and a more workable group and can sit down and figure out whether we are listening to the same groups in different communities. If it is the same groups, I imagine that much of what would be said, considering that northern Ontario is different than southern Ontario, would be the same. Therefore, I say the subcommittee would be a more workable arrangement than 12 of us.

Mr Hugot: I would move a motion that the subcommittee report back on Wednesday around the deliberations regarding the witness list and determining the witness list and resolve those issues that remain outstanding with the witness list and time allocated for hearings.

The Chair: As part of your motion, are you indicating when the subcommittee is going to meet to consider this?

Mr Hugot: I would ask that the subcommittee report on Wednesday, so it is whatever is logistically required for it to be able to do so. They could meet prior to our meeting on Wednesday.

Ms S. Murdock: I suggest we arrange that we meet at 4 pm, with the subcommittee meeting at 3:30 pm, if I can amend that, or whenever orders of the day start.

The Chair: I am bound by the agenda that has been set by the clerk for Wednesday.

Ms S. Murdock: We are not bound.

The Chair: There being no further discussion of that motion, all in favour of the motion, please indicate. Opposed? Motion agreed to.

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Mr Klopp: Mr Chair, I notice that our committee from Wingham is here. Can we not start at 3:45 pm? Is that against the regulations and rules?

The Chair: Probably, but far be it for me to feel obliged to follow the regulations and rules of the Legislature.

Mr Klopp: They come from the great county of Huron and I understand it is awfully snowy at the north end of my great county, so if they could get in here a few minutes earlier, I am sure they would find a few minutes to

get home sooner, if it is all right with the rest of the group that is here.

The Chair: Pleased to do it.

Mr Klopp: My colleagues, I am at your wishes.

HIGHWAY TRAFFIC AMENDMENT ACT, 1991
LOI DE 1991 MODIFIANT
LE CODE DE LA ROUTE

Resuming consideration of Bill 124, An Act to amend the Highway Traffic Act / Projet de loi 124, Loi portant modification du Code de la route.

The Chair: Come on up and seat yourselves at the table. There is coffee, juice and Pepsi available for people who want to make themselves a coffee, juice or Pepsi.

OPTIMIST CLUBS OF MID-WESTERN ONTARIO

The Chair: This is the Optimist Club of Wingham. We have with us John Jamieson, past president, and Constable Ed Daer from the Wingham police. Welcome. You have some written material. Everybody has a copy of that. I think people will be very interested in asking you questions and engaging in some dialogue. Please commence your presentation and try to leave us the second 15 minutes for discussion.

Mr Jamieson: My name is John Jamieson. This is my friend and colleague Ed Daer.

One of the mottoes of the Optimist Club is "Friend of Youth." Every year in our town and some others we run a bike rodeo. The main objective is to make children aware of the rules of the road. We hand out some helpful hints on safe riding.

To be specific, we would like to explain some of the events that take place. We contact the local newspaper and through the paper we put out hints about safe bike and safe automobile operation when bikes are on the road. We have a ticket printed in two parts. We give them to the police department and our police officers then can hand out tickets when a person does something right on his bike instead of doing something wrong. That helps the police get to be friends with the people they are dealing with. Our local radio station, CKNX, has a draw every morning before the kids go to school. The numbers drawn can pick up their prizes at the bike rodeo at the end of the week. During this week we show a video at the schools. One of the schools in our area took a great interest in it this year and as a result all the winners of our bike rodeo came from that school, because of the teachers' special effort.

The Optimist Club licenses the bikes and each particular bike is given a plate, and at that time we engrave a number on the bike and it makes it one of a kind. The bike rodeo, the grand finale of the week, is held in the local arena. That is when Constable Ed Daer comes into play. We set up a bike driving course on the arena floor and each person must go through the course. Eventually he is evaluated by an Optimist and a score given. At this time, Constable Daer checks the bikes for safety. If any equipment is missing, he speaks to the young person. At the end of the situation, they get a Coke, a bag of chips and a T-shirt for participating. Some of them win trophies from the public school.

At last spring's meet, Constable Daer brought to my attention a number of new bicycles that were not fit to be on the roads. They did not have the equipment for the rules of the Highway Traffic Act. I am in the car business—not very lucrative, by the way—and cars come from all over the world, but they have to meet some stringent standards set down by the federal government and each vehicle must be equipped properly or we cannot sell it. The manufacturers know that, so when they come to sell cars in Ontario they fit the rules.

These bikes that came to our attention had nothing on them. There were no reflectors, no lights, no sound system. They were terrible. Some of these requirements are set out in the Highway Traffic Act and it was suggested in some of the letters I got that our police officers should enforce these rules.

In Wingham, we try to encourage our young people to be friends of the police officers. Through this ticket situation we try to encourage that. We do not want our policemen to be the heavy, telling this young fellow or girl that the new bicycle his or her parents just got him or her is not fit to be on the road. If we got safe bikes for the kids, we would do our best to try to teach them to ride the things. Our police officers have more serious crimes to look after. I think this should be put in place at the manufacturer's level. If you are changing the Highway Traffic Act, I suppose that will be the place for it to be.

It was also suggested that there is a variety of lights and sound systems available to the public. Should we let the manufacturer decide what is needed? There seems to be a large variety of automobiles to choose from when you go to buy one of them, too.

1550

Our Optimist Club, along with other Optimists, is in favour of helmets. That is a good idea. If you have read the medical statistics, everybody would believe in them. At the bottom I have a couple of suggestions you can read for yourselves. I think they have to wear a helmet to play hockey, so maybe that would be a way to sway people to think, "Am I going to send my child out in that traffic without a helmet?" It takes time for these helmets to come in. Motorcycles took quite a while. Those are just suggestions that might be of interest when it comes time to advertise that helmets are necessary. That is about all for me. Ed, have you anything to add?

Mr Daer: I do not think I have a whole lot to say at this time, other than you watch some young kids who get racing on 10-speed, 12-speed or even 15-speed bicycles. They come down the hill and I have clocked them on radar doing 50 miles an hour. If anybody here has an idea of what happens when two cars meet at 50 miles an hour, you can imagine what a car and a bicycle would do at 50 miles an hour. Male or female, whichever it may be riding it, does not have a chance to live without a helmet and maybe would not have a chance to live with the helmet. I would like the chances of not having as much in the head injury category with the helmet on better than I would without one.

As far as bicycles in the bicycle rodeo are concerned, like Mr Jamieson has said, I just could not believe the

amount of new bikes coming through. I do all the bicycle safety checks and to give you some idea we have categories from 1 to 10 and every test the kid goes through he gets X number of marks, depending on what category. There are so many marks for the exam, so many marks for going through the safety check and then marks for doing the actual safe riding portion of our program.

It hurts when a child—boy or girl—brings a brand-new bicycle to you and then you maybe give them a 7. First of all, they do not have a light which, for the main part, maybe is not such a serious violation because a lot of kids when they are younger do not ride their bicycles at night anyway. But the Highway Traffic Act states you must have reflective tape, reflectors front and rear and a bell or horn. These bicycles are equipped with none of these. They have reflective tape on the fenders, but they do not have their basic red reflector at the rear and the white reflector at the front and they have no bell or horn. So when you mark the kid down, they are upset because they thought they were going to get full marks for having a brand-new bicycle, and you are not able to do that.

There were so many coming through. This is what has actually started it. I had just casually said to John, "You know, it's a shame the bicycles aren't equipped or forced to be equipped like a car is, because you sure can't put a car on the road without having a horn, signal lights and night lights for driving and one thing and another." Now there are new automobiles coming out and the headlights come on automatically as soon as the engine in the car starts. John and I talked a couple of times after that about it and then, unknown to me, John decided to see if he could not do something about it. All his letter-writing, I guess, has eventually wound up bringing us here in front of you people.

I do not know whether you are able to do anything to offset this problem, but I certainly back John up on the fact that I think the manufacturer should be forced to go so far as to have full reflectors, full reflective tape and some kind of safety horn, whether a good bell or horn. Some of the stuff they sell are little plastic things. If you go into a store, you pay \$4 or \$5 for it and you blow the thing about three times and it is finished. Most of you probably are parents and you have likely already done that, so I do not think I need to expand on that one. But there should be some decent bell or horn brought out that will last for more than two or three weeks. I think something should be put in. If you are going to redo the Highway Traffic Act or you are empowered to make a new law on bicycles before the spring rush starts, I honestly feel that to protect the children, the manufacturers should have to have these bikes fully equipped when they are put up for sale.

I would love to see helmets made mandatory, but again I think it would be something like the motorcycles. I remember it took a long time to get the motorcycle helmets through and now we very rarely see anybody without one. I think it could be done, but it would all depend on you people whether you could bring that one off or not. I think I have said all I can say on the matter.

The Chair: You may want to stay for the next presentation by the Deputy Solicitor General of Ontario who is

going to talk about some of the law enforcement aspects of the legislation.

We have 16 minutes, a good healthy chunk of time for people to ask questions and engage in dialogue.

Mr Arnott: Thank you very much for coming in and making a presentation this afternoon. I always appreciate the rural Ontario point of view when it comes forward. So often provincial governments tend to look at things through the urban model and it is great that you came in. My colleague Dianne Cunningham sponsored this bill. She is unfortunately unable to be here at the moment, but I understand she is coming in later. I think we would like to reserve a bit of our time for Dianne if she does come in.

The Chair: We will make sure Ms Cunningham has time, one way or another.

Mr Jordan: I also appreciate your taking the time to come in, especially to bring this type of information in front of the committee. I have not been in here on all occasions but this is the first time, I believe, I have heard someone come forward and point out the lack of equipment with the bike when it is being sold. We could easily have a regulation the same as for other means of transportation for minimum requirements similar to the ones you pointed out. My point of interest is, could you include in that an adjustable helmet? Could one be devised that was adjustable for ages, say, 6 to 12 or something that would be mandatory to be sold with that bike?

Mr Jamieson: I think it would be a good idea if it was mandatory and sold with the bike. As I say, there is variety when you go to buy a car. Give us variety to buy a bike and equip the thing properly. Our Optimist Club worked very hard to try and teach kids to ride bikes, so I think it probably has to be drawn out in several areas. I think the manufacturer has a responsibility to the people to equip the bike properly to start with.

Mr Jordan: You would agree to consider the helmet part of that.

Mr Jamieson: That would be a great idea.

Mr Jordan: The other thing was, what lead time would you suggest? Supposing we were to pass legislation tomorrow making it mandatory to wear the helmet, what lead time would you say we need before we actually start making it an offence not to do it, if you know what I mean? Do we need two years of education? Do we need one year?

Mr Jamieson: I know what you mean, but I am not in the advertising business. How well are you going to advertise it?

Mr Jordan: I think it is more education than anything else.

Mr Daer: I think that could be taken on TV and radio stations. We could do a little thing there. Before I continue with that, I would like to back up one second on your first point about the age bracket. I do not know whether you would ever get through to anybody 16 years of age or over. If we are going to do something like this, I think our big goal would be to concentrate on the ones just getting on to their first two-wheeler. They are off the tricycle on to their

first two-wheeler; they have gone from this bike to their next bike. Before they ever get to the adult bike we have got them into a helmet. In most cases, kids with their first bikes are not out on the road at night. If you are going to make a law, I would like to see a light included, but there are so many kids who do not ride a bike at night.

Mr Jordan: But someone else may pick it up.

1600

Mr Daer: It is funny, because I pay more attention when we are doing the program with the tickets. I am looking for kids to give these tickets away to, because we usually have about 50 every day we try to get rid of. Once the first day is in and the kids get to know these tickets are up for grabs, you would not believe how they will stop for stop signs and make hand signals. I also do bicycle safety work in all the schools, so I get to see good points and bad points. Sometimes I think I am banging my head against the wall, but that is usually with the grade 7 or grade 8 kids, 13 and 14 years old. The younger ones will listen to you and you can watch them.

Mr Jordan: You are saying it is more incentive and education than coming down hard with the law?

Mr Daer: Yes, but as far as the helmet goes, if you are going to make a law on it, make it up to maybe 16 years of age. Do not try to force us to catch somebody on a 12-speed who is 16 or 17 years old because he has no helmet on. He is going to go through back alleys and across lawns. They are like the Ski-Doos right now. They just play chicken with us. If they do not have a helmet or they do something wrong, then forget about it.

Mr Jordan: They make a farce of the law.

Mr Daer: Yes. I would say stay at 16 and under on your helmets because I think we can work the lead time. I think we can saturate our area. I have a video. I do not know whether you would be equipped to watch it or not if you have not seen it. The video I show in the schools has come from Petro-Canada and is called RITE Riders. Everybody in it has a helmet on. I have shown this one to the schools now, so they have all seen the kids participating in the video wearing helmets.

I can reinforce that back on there, but it would be like putting a new stop sign in a bad area. You do not charge right off the bat. You usually give a warning. We could work in some lead time. We can use our newspaper for advertising, or maybe through the government's assistance you could have some posters with the helmet campaign on them sent to all the police departments.

Mr Jordan: That is the law. It would be up to each municipality to say when it was going to actually—

Mr Daer: Yes, but bearing in mind we are dealing with kids, whatever you make for a fine, do not make it \$78.75, because it is going to come out of the parents' pockets. Keep it about a \$10 fine for a first offence, something that will hurt the kid. They can take his newspaper money, his pop bottle gathering money, or his allowance away from him and then make the second one maybe a little higher. That is the only way I think you can handle it. Then use some lead time to send us some posters. Any

time we get posters from the government—I am getting enough through the Ontario Association of Chiefs of Police, so I get all the posters to distribute. They can certainly send in enough of them, so I think maybe we can use a poster campaign the same as we are doing for our RITE Riders program right now.

The lead time would be no problem. Suggest a lead time of maybe two to three months. Get the kids convinced the helmets are necessary. I would sooner take the bike away from the kid for a day in punishment than give him a \$10 fine, if you want my own opinion.

I do not know how many departments have them, but we have little violation tickets. If we see a kid running stop signs, we issue one and then he has to take his copy home and have it brought back to us with the parents' signatures so the parents know he has committed an offence. If he gets real bad, we take the bike away and then take it home.

Mr Jamieson: We had a little problem with the ticket we issued to the police when we first started it. Every kid in town, when he got a ticket from a policeman, whether for doing something right or not, threw it away because he did not want mom and dad to know he got stopped by the police. We went through two or three years with very few coming to get their gifts at the bike rodeo, but last year we had a little more advertising through our local radio station and pushed it a little harder. We gave out a lot more gifts, which made us happy. Now they are aware of it.

The helmet thing, I think, has to have a little lead time, but we can get some advertising from our local station. They are very co-operative about the Optimists Club and the police department.

Mr Klopp: Thank you, gentlemen, for coming today. Wingham is in my riding and it is nice that we have some people from rural Ontario here, especially from the great county of Huron.

You brought up some interesting facts and points. I know we met one day in Wingham on outreach and talked about your concern, and I realized bikes are actually being manufactured here without a few safety standards, which ironically we already have in some of our rules the police are asked to enforce, but as pointed out, if the manufacturer is sending them out like that brand-new, why do they have to be the heavy?

I hope that today, if nothing else, there has been some more knowledge. This itch has been scratched a little more. We have people here from MTO who maybe know some people in the federal jurisdiction. I understand the standards that are put on manufacturers is a federal jurisdiction. It has been brought up again. It is in this committee. The MTO is here and the parliamentary assistant is here. My hope today is that if nothing else, we can continue to get at that itch, because it is very important to get these bikes to have a few standards on them when they leave the manufacturers.

I think one of their arguments was that the bike would cost too much. I have not bought a brand-new bike yet. My son is six and my daughter is three, but any old bike at all is \$100. Really, for another \$10 or \$15 more, on their massive production lines, they could get some standards made.

Mr Jamieson: I guess it is like any other business. If they want to sell the bike, they will keep the price down.

Mr Klopp: That is right. With regard to your point, I want to bring out that this particular bill is directed more for the older people and hopefully to educate the young people through peer pressure to buy helmets. As you pointed out, Constable Daer, you are basically telling us: "Don't have this bill. It goes after older people, 16 and over." You are actually telling us, "If you're going to pass it, pass it, but just forget about them because we're not going to change their minds." I am almost thinking this is exactly opposite to what we are hoping this bill will do.

Mr Daer: My concern is that you can lead a horse to water, but you can never make the sucker drink. It is the same with seatbelts. The other night I did the RIDE program. I thought we were getting seatbelts under control, but out of 235 vehicles, we had, I think, 41 warnings for not having a seatbelt on. That is high.

My concern is the youngsters. Of course I am a safety officer, so I am doing all the school work and I see the kids day in and day out and generally at the arena or at the golf course or on the ball diamond or something. I see these kids all the time. Maybe I am too concerned about trying to do something for them more than for the adults, but I have seen some of our local clowns—pardon my expression, but that is after 23 years of police work; you get to know some of these guys you run into every night after the hotel closes—and there is no way. You would go blue in the face. You will never get them to wear a helmet. First of all, generally they take any bike they get their hands on and as soon as they see us they drop it and run anyway.

I am not against going for the full-blown thing like we do on motorcycles, but then again, you cannot be on a motorcycle and have a licence to drive one and pass the qualifying test until you are 16, but a passenger must wear it. You are only allowed one person on a bicycle and you do not have to be 16 to ride a bicycle.

I am not against doing it; I am just saying I think I could have a better chance of enforcing the helmet to get the young kids convinced to wear it by staying—maybe you could leave the law wide open and just leave it as if it were a seatbelt. Anybody is subject to being charged for a seatbelt unless you get a letter from your doctor. That is the only option out that you have. Maybe we could just leave it a carte blanche opening.

But what are you going to do with the fine? You cannot have a \$78 fine for a kid. I would love to do it to some of our adults, but is it going to be like our liquor laws? Do you have a fine for a minor who is consuming as compared to an adult who is consuming? Do you hit the adult harder because he should know better, where the minor gets off a little lighter? Are you going to do that with the bicycles, have a \$53 fine for an adult for not wearing a helmet where a kid gets a \$10 fine or something like that? That can be worked out.

I would not mind seeing it for the adults, but my concern is, how you are going to enforce it for an adult? You can get the kids. They will stop to talk to you. They see the cruiser and they wave at you—most of them, anyway. You can

talk to them and tell them, "Get your helmet on," type of thing.

Mr Jamieson: Also, the hockey helmet, I think, took a while to come in. One of the reasons it is in now is that some years back they educated the young kids going on the ice to wear a helmet. Now look at the hockey game. Everybody is wearing a helmet.

1610

Mr Klopp: I think they also legislated a little bit. I know our league itself said, "You can't start tykes unless you wear a helmet," so there is a bit of legislation, but education should be first. I think that is what we are going to try to do. We have to do that and we recognize it. You brought up some good points.

Ms S. Murdock: I want to compliment you, the Optimist Club and the police department, for working together. I think it was a great idea to have positive reinforcement in terms of giving tickets for doing things right instead of doing things wrong. I really like that idea, and I think it probably could be implemented in all our ridings just on a local level. I am going to go home now and see if I have an Optimist Club in my riding.

Mr Jamieson: I hope you have.

Ms S. Murdock: Then I will tell them to call you.

Mr Jamieson: I will get that patented before you call.

Ms S. Murdock: I got the impression—I do not know whether it is an incorrect one, so I want you to correct me if I am wrong; I think it was on page 2 in the middle of the page somewhere—that with the police having to look after more serious crimes, I wondered whether or not Constable Daer believes that if you are a good bicycle driver, you would eventually become a good automobile driver. Would you hold that to be true?

Mr Daer: Yes, I would have to agree with that, because every time I do bicycle safety they have to write an exam, and I use the rules of the road, which apply to bicycle drivers the same as they do a car driver. They all know the signs. Most of them are coming up with close to 100% on the exam anyway, and I have different levels for the kids. For the smaller ones I have an easy exam and then I get a little harder and then I go to an intermediate exam for the grade 7 and grade 8 students and I make it a little tougher.

I would have to agree with that in some cases, although I have finished a lesson in the afternoon and started work at 6 o'clock and had kids run the stop sign right in front of the cruiser. Two hours or so after I finished a bicycle safety lesson, they totally forgot everything that was told them. As a matter of fact, this did happen right to me. Three of them who were in my class on the Friday afternoon blew a stop sign as I started work at 6 o'clock on my first pass on the street.

Ms S. Murdock: As a former teacher, I can say that repetition is often the name of the game.

Mr Daer: I will be honest with you. It is really funny. The last couple of years especially, since Mr Jamieson has come up with the idea of these tickets, this is what we have done. This will be about our fourth or fifth year?

Mr Jamieson: Fourth year.

Mr Daer: But last year especially with the tickets it was amazing, as soon as they knew they were out, what good bike riders these kids were. They deliberately look for the cruiser and then do something right so they get a chance at the draw. That is a positive outlook as far as I am concerned, because now they are starting to do something right, and if they see a cruiser, before they get to a stop sign they will stop and make their right-hand signals or their left-hand signals or whatever they have to make. I have also seen them when I have been in my own car.

Ms S. Murdock: Yes, that is true. In terms of the comments you made about how you thought seatbelts were working and then when you stopped the cars the other night the charges were high, it is probably true that the education—our plan is to have a long phase-in period with education, without necessarily getting charged right away. They would get warned a number of times before you would do that.

Mr Daer: I would definitely be against charges going out, at least for the first six months or so, until we get these kids convinced that helmets are a must. The more we get to wear them, the easier it is going to be. "I'm not going to wear the thing," but if they see some of their friends wearing it—that is something where maybe the parents could be worked on too.

Ms S. Murdock: The other thing is that seatbelts are less visible than helmets, let's face it. You know the Highway Traffic Act goes for the 16 and ups because a bicycle is considered a vehicle under the Highway Traffic Act, but this would apply to all bicycles, tricycles, etc. It is just a thought. It is going to be very difficult to enforce, but I think we can do it, as you say, with education. I want to thank you again for coming in. It has been a pleasure.

Mr Jamieson: When you go to Ottawa, I hope you hear from the medical association. They have some terrific statistics that will scare the life out of you. You will want to get this bill done right away when you hear them.

Ms S. Murdock: We have had about two weeks of hearings here. Many have been doctors, rehabilitation specialists, the Sick Kids emergency room doctors and so on, and yes, the stats are frightening.

Mrs Fawcett: I am really happy that you have come and certainly happy that you are a supporter of helmets for children. I am one who believes it has to start right at the very earliest age possible, along with the education.

The bicycle safety and so on that you do has intrigued me. Is this all brands of bikes you are finding that are not fully equipped when the children bring them in or is it certain brands or—

Mr Daer: It never seems to matter whether they are small ones or big ones, the little 10- or 11-year-old right up through to the adult bringing in a brand-new bike. Some of the adults brought in a bike just to put on a licence plate. We do it at our office as well, but we make a point of advertising, "If you need a licence, come to the rodeo." We put it on and then we engrave a number up underneath. It is for our purposes too, because we get a lot of bikes that are taken and the guy rips off the licence plate. You cannot rip off the number because it is put in with a marking

pencil. All we have to do is look underneath. Then we go to the files and we can get that bike back to whoever owns it and put another licence plate on it and stick another number on it. The adults bring bikes in just to get the plates and then they bring them over for me to engrave. There would be nothing on it, other than reflective tape that comes with the fenders. In the case of the 10- or 12-speeds, they do not even have fenders.

Mrs Fawcett: That is right. Is this a program all Optimist clubs do, or is this your program?

Mr Jamieson: Optimist clubs run bike rodeos all across North America. Some do not, but most Optimist clubs run a bike rodeo. It is a national program.

Mrs Fawcett: You do not feel it will be a problem to include a helmet as well, stressing that?

Mr Jamieson: No. I wrote to our local governor who looks after our whole area, and yes, he was in favour of our coming down and talking to you people.

Mrs Fawcett: Have the Optimists ever thought of a campaign to get the manufacturers attuned to the proper safety regulations you would like to see? Have you ever done anything in that regard?

Mr Jamieson: No. I do not see any point in talking to the manufacturer. I think it has to be legislated. The ruling on automobiles had to come through the federal government quite a few years back, and it has been changed many times to accommodate other things that are added. I do not think there would be any point in talking to the manufacturer. He is having a great time.

Mrs Cunningham: I would like to thank both of you for coming before the committee today. We are looking for the best advice we can get on this. I think one of the great concerns and one of the complaints might be that there are laws out there now. To be specific, there is the law about having a light on your bicycle and the law about having a bell—I am probably not using the right words—and they are not being enforced now. That is going to be one of the criticisms we get. If we add the helmet, what would your response be to that?

Mr Jamieson: The rules are there, but what I am trying to point out is that when a young girl or a young fellow gets a new bike that mom and dad bought, we do not want our friend the policeman to be the heavy to tell him that bike is not fit to be on the road; we want it right when it comes from the manufacturer. As I say, the police have a lot of other jobs to do. I think from time to time they will speak to people about reflectors, lights, etc. If you are doing this thing, the section about a light on the front of the bike does not even have a candle power. It is a little bit limp at the start. Maybe it could be looked at too during your investigation into the Highway Traffic Act.

Mrs Cunningham: That is a good point. While we are looking at this we can probably look at parts of the regulations or parts of the legislation right now that need to be updated. That is a very good point. That is section 43 and that is why you had it printed for us. Would you say the same about section 57?

1620

Mr Daer: I do not think you were here when I was speaking about that.

Mrs Cunningham: No, I missed the first part. I am sorry.

Mr Daer: I had made the comment that right now there are a couple of decent bells out there, but there is stuff that is a lot cheaper. I think if you have been into a bicycle shop or even a hardware store, which generally sells them, or K mart or Zellers, if you look at the bicycle section, they have these little plastic things that are probably about \$3.95 or something like that. A lot of those are coming through. About half a dozen squeaks and that pretty well does it; it does not work any more. The parents never replace that.

I would like to see some kinds of rules or regulations for a CSA-approved horn. If we are going to do it, let's make sure the manufacturer or somebody comes up with a horn that will last more than two or three weeks. There is no sense having a kid buy a bike with a horn on it and then the thing is gone a week or two weeks or a month after he gets it. If we are going to do it, let's do it right.

I will be honest with you. I enforce it, but I do not enforce it with a ticket. I just cannot bring myself to give a 10-year-old kid a ticket. We have tickets, but there are no fines on them. If I catch somebody doing something I really think is out of the ordinary, if they are not riding properly, I do one of two things: I take the bicycle and take him home, or I give him a ticket and he has to bring it back with his parents' signatures. There is no fine stated on that. It is just something we have done ourselves.

Mrs Cunningham: Within your own department.

Mr Daer: Yes. It is something the chief has come up with. You very well know now that anybody under the age of 15 we have to take to youthful offenders court, and our court goes to Goderich, which is 35 miles away. It is just too costly for us to take a kid over to Goderich for youthful offenders court because he failed to stop at a stop sign type of thing, so we have designed our own punishment. Whether it is right or wrong I do not know, but so far we are getting away with it.

Mrs Cunningham: But police forces do sit down from time to time to try to decide how they will implement certain pieces of legislation. Is that the norm?

Mr Daer: I would not say other police forces. The norm is in the Highway Traffic Act. A bicycle is no different than a car. The kid can receive a \$78.75 ticket for failing to stop at a stop sign. That is the fine for not stopping at a stop sign, whether you are a motorist or a bicyclist.

Mrs Cunningham: I think one of the recommendations the government got from its bicycle safety committee—I may be wrong, but we can be corrected here—is that the fine for not having the light be increased to \$78 as well, to make it consistent. It seems to me that was one of the recommendations. From your point of view, I do not think that for a young child that would be appropriate, but perhaps you could send them away and make them get the proper light.

Mr Daer: Yes. I had made the comment, I guess before you came in, that I would like to see—maybe it is a double standard—two sets of fines, one for 16 and over and one for under 16, and a \$10 first-offence fine for any one of our bicycle violations, whether it be a stop sign violation, riding at night without a light or what have you. The 16-and-overs have already had all the bicycle safety stuff and they know the rules of the road and one thing and another, so hit them harder. Maybe make it \$53 instead of \$78. It is hurting, but it is maybe not going to hurt as much as it would the car driver. Obviously, it is a little more serious for a car driver to run a stop sign than a bicyclist.

Mrs Cunningham: I have been quoting the legislation from Howard county, Maryland, where they have legislation which goes so far—I wanted to tell you this—that “a first-offence violation of any of the provisions of this subtitle”—I will not go into this, but it is \$25 to \$50, and the second offence is \$50 to \$100. That is the law for everybody. But it says that “the court may waive any fine” for which a person found guilty would be liable if between the date of the violation and the court appearance that person purchases a helmet.

What would that mean to you? Does that mean somebody is already given the ticket and then they get a court appearance? That would still be too expensive from your point of view, would it not? Will you tell me what you think about that?

Mr Daer: I like that idea because you go right back to what some of the departments ran a few years ago. If I am not mistaken, I think it was shortly after it was mandatory to have a seatbelt. They were issued the ticket, but then they had to attend a film session. If they attended the film session, the ticket was cancelled, but if they failed to show up, the ticket went through and they paid the fine.

Mrs Cunningham: So there have been precedents even in Ontario law for these commonsense solutions?

Mr Daer: Yes.

Mrs Cunningham: In this instance, I think there are probably two things. Perhaps maybe the person did not know about it and so did not buy a helmet, or perhaps he did not have the money. I do not know.

Mr Daer: There are times right now when maybe the parents would say: “We haven't got \$15 or \$20 to spend on a helmet. We need it for food.” Right at the present time, that is possible. I still come back and say that the fine is there for now, but when you send out all the material and the new brochure stating what, under the new act, the sections and fines are going to be, you stipulate that there is a six-month leniency period.

Mrs Cunningham: Yes. We were thinking of maybe even longer than that.

Mr Daer: We are fortunate in Wingham because we have a radio and a TV station we can utilize to get this message across. Some of the other areas probably have too, but there will be a lot of small departments that maybe do not have that luxury.

Coming back to government programs generally, such as the seatbelt or the RIDE campaign, they are always

sending out posters. You can get every department equipped with a few posters to put around town and in the schools where the kids have to see it. I think most departments have some type of safety program. I do not know whether some of them are quite as industrious at it as our department is, but that comes back through the chief. That is something he wants, so we are probably a little more active than some of the departments. But it would not be hard to get the message across.

Mrs Cunningham: Also in Maryland, they talk about children under the age of seven. When they see a child under the age of seven in violation of the law, they say that "the member"—that would be yourself—"will make immediate notification to a parent and inform him of the unsafe circumstances." Then they give them a flyer they have to read. It seems to me that the warnings will be given to the parents of first and second violators of this law—the children under seven—in the form of a letter. It seems there is a lot of public education for young children in the implementation of this legislation in Maryland. We are looking for sensible ways to implement it. What do you think about that?

Mr Daer: You do not want to punish the young kids because you are not going to achieve anything. You have to get the message across to them without coming down and what I want to call "playing a heavy" on them. Get them convinced to wear them. I personally think that can be done if we concentrate on the younger group. Make the law mandatory for 16 and over, but I think, as I reiterated earlier, you can lead a horse to water but you cannot make him drink. I would concentrate on the young people and get them convinced to wear it. By the time they become 16, they do it automatically.

Mrs Cunningham: What are we going to say when some of your colleagues come before the committee and say: "We are too busy now. We can't enforce the laws we've got"? What are we going to say to them?

Mr Daer: You cannot enforce it if you do not have a law to start with. If it is there, it would be enforced, although maybe not to the degree it should be. I also know there is a provision in the Highway Traffic Act that says if you are \$78.75 for not signing your driver's licence in ink—I know some police officers have time to lay a ticket for that one, and I will not tell you what my feelings on that one are. If the law is there, it can be used.

Mrs Cunningham: You sound like a terribly sensible person. You must be very much appreciated in your community.

Mr Waters: Mrs Cunningham covered most of what I was going to ask.

Mrs Cunningham: You have your typical question.

Mr Waters: You mean I have to remember on Monday?

One of the things I would like to get into is what Mrs Cunningham was saying about the type of ticket and the things you could do with that. As you were already saying, you could have a negative effect or a positive one from a ticket. What you have been doing has a positive effect. If you were to have the discretion, maybe, of whether you

ticketed a child or said to him, "Upon the purchase of a helmet"—or a light; I do not see why it has to end with a helmet—"there is no ticket"—I would not mind going into that a bit more. I never thought of it, but people now, adults, are spending \$3,000 for a bicycle that does not meet the safety standards. This is a ridiculous situation to be in, but that is what we are in here in this province. I would not mind some more conversation on that for a moment.

1630

Mr Daer: It all depends on whether you are going to bring out legislation that ensures a bicycle will be equipped from the start with a light for the purpose of riding at night or are going to leave it up to the purchaser to decide whether he is going to put a light on it or not. If you are going to force a light to be put on by the manufacturer, that eliminates that problem.

My problem is not with the light. I tell you right now that it would be nice for you to come up with some law that forces it on. We have a lot of kids not only in Wingham, but I imagine every one of you has kids who ride bicycles at night without lights, and as parents you likely see them all the time. I am more concerned that there are reflectors and a bell and the horn type of thing. It is not an offence to ride your bicycle without a light if you do not ride it at night. It is only if you are on the road at night that you require a light; then the offence takes place. A lot of our younger kids ride them in the daytime.

Mr Waters: Maybe this is the question Mrs Cunningham would like me to talk about, the children. Actually, my children do not ride bikes. I do not even know where their bikes are any more. I am somewhat older. My children are grown up, but I do recall going through the era when they made me quit smoking and made me wear my seatbelt. Whether we like it or not, the best way to train adults, sometimes, is through their children. I would not mind some comments on your feelings towards the education system and the role it could play here, because the teachers, through talking to our children, forced us to wear our seatbelts and to quit smoking, in masses, 10 to 15 years ago. I think our children could also play a key role in this.

Mr Daer: We already have a bit of legwork started on that. I do not know whether you were here or not, but Petro-Canada already has a video called RITE Riders out where they have some kids going over the rules of the road. They are all wearing helmets. They are all using arm signals. I have another video where they are doing everything wrong. It is funny because there are 52 offences in about a two-minute ride. I think it was on a street in Toronto.

You ought see the fun when you watch these kids trying to guess the number of offences. These guys are all over the place. They are just doing everything wrong. Those things are out there. You could always keep coming back with the videos because that is the greatest thing for us to teach in school. I can get more out of putting a video on and then stopping it and letting them—it is a stop-and-go session. I can get more out of a video than just standing up there and putting something on the bulletin board or giving them a piece of paper, because they will pay attention to it. Their brains are geared to watching movies.

Mr Waters: I would not mind your opinion as a police officer on this. In my community, we are policed through the OPP, and we have the OPP now riding bicycles in the summer.

Mr Daer: Do not ask me that one.

Mr Waters: I would like your opinion. How do you feel about police on bikes in the communities?

Mr Daer: Boy, talk about wanting to go on the hot seat.

Mr Jamieson: They tried to bring that back when I was on the police department.

Mr Daer: I have heard that in a couple of spots they brought them back. I think Grand Bend got them and, if I am not mistaken, maybe Sauble Beach for the summer. For the simple fact that you can get from point A to point B on a call when the traffic on a Sunday afternoon in the beach areas is just tremendous, they are probably great.

Mr Waters: That is right. This is not police on bicycles to police the cyclists.

Mr Daer: Just for traffic problems.

Mr Waters: Yes, they check out the bicycles as well as everything else.

Mr Daer: I know where you are coming from. That would be a great role model for a kid, to see a police officer wearing his bicycle helmet and having a bicycle fully equipped with lights and all that stuff. I spent a lot of years riding a bicycle, but oh brother, I hate the thought of having to go back to do it now.

Ms S. Murdock: They say once you have learned how—

Mr Daer: I can recall when they forced me to put on a helmet on the ice to referee. I bucked that. I said I would quit refereeing before I would wear a helmet, because I always played hockey, all through the years growing up and never had a helmet. But I eventually put a helmet on. Now they are coming out with visors. As of the fall of 1992, all referees have to have visors on for eye protection. I guess it is like anything else, if the law is there.

Mr Waters: As with hockey, I can remember as a child a nice friendly game of shinny with my uncles and my cousins. We were having a good time out on the road. One of us slipped and the other one was blinded because he got the butt end of a stick, and it was strictly an accident. If he had had to have a helmet or a visor it might have helped him.

The Chair: I want to thank you for your time here this afternoon. You have taken the effort and the energy to come in from Wingham. I know I speak on behalf of the whole committee when we commend the Optimist clubs across this province. I think all of us are familiar with the work they do with young people and adolescents in a variety of areas: drug abuse and young persons' safety.

When you report back, and I trust you will, to the Optimist Club of Wingham, Mr Jamieson, please tell them that the committee was extremely grateful for their interest and your attendance here, and your comments underscore my criticism of the \$1000 a day consultants. We would be spending the money far better if we just had people like

you come and talk to us rather than some of that high-priced help we get from the towers in downtown Toronto. We thank you and you prove it. You have made my argument for me today.

Constable Daer, once again we are pleased and impressed. Your obvious interest in young people and young persons' safety and welfare should be an example for a whole lot of others across the province. As Mr Jamieson will report to his own executive our regard, I hope you tell the chief of police back in Wingham—

Mr Daer: I cannot. He is away on vacation in Arizona.

The Chair: They always are, are they not?

Mr Jamieson: That is how I got him here.

The Chair: When he gets back, please tell your colleague that we were impressed with the fact that the Wingham police department takes time to participate in the types of programs you are involved in in the community, but also that it took the time to come here and talk to us today.

Mr Daer: If you get Mr Klopp to send a letter, it would do far more good than my trying to tell them.

The Chair: I think we had better.

Mrs Cunningham: We will send the Hansard.

The Chair: We had better do that then.

Mr Daer: It looks better.

Mr Jamieson: Next time you need a consultant, Ed and I will do it for half price.

The Chair: You have got it. Thank you gentlemen for your time and attention. Have a good trip back. Take care.

MINISTRY OF THE SOLICITOR GENERAL

The Chair: We now have the Deputy Solicitor General for Ontario, Donald Obonsawin. How are you, sir?

Mr Obonsawin: Fine, Mr Chairman, thank you.

The Chair: We have darn near a whole hour, so make yourself comfortable. As you well know, there is coffee and imported orange juice over there and soft drinks. If you want to preface with comments, please go ahead. There of course will be questions and dialogue. Otherwise we will just embark on a process of conversation.

Mr Obonsawin: Why do I not just, with that invitation, launch into some of our interests and concerns. It might provide another basis for discussion.

The Chair: Please identify your colleague for us.

Mr Obonsawin: I have Sergeant Bob Scott with me today. Sergeant Scott is with our traffic and marine branch of the OPP. In fact, chances are you will probably be speaking or dialoguing more with Sergeant Scott than with me during the rest of the hour. Sergeant Scott is a gentleman who has spent a lot of time thinking about this area, and on a technical basis certainly knows much more about the specifics than I do, so I will certainly be encouraging the sergeant to be an active member of this dialogue.

I just want to make two or three chief points, as I indicated to the Chair, that might serve as a basis for some discussion. There is no doubt, as I suppose we even reflected in the brief response we sent to the clerk, that the ministry is fully supportive of the principle that is being enunciated

before us today, ie, the wearing of helmets for bicycling purposes. However, I think the key issue is one of implementation, how legislation like that would be implemented and what would be the elements of that implementation.

It is just not enough to bring in a piece of legislation of this type overnight and expect there would be a capacity to enforce it, and probably even a capacity for people to observe it, if it was done very quickly. We need to look at the best ways of doing it. In my brief review of the material in preparing to come here today and Sergeant Scott's more in-depth review of initiatives like this, we have all been impressed by the fact that education plays a great part, if not a greater part, in implementing the wearing of bicycle helmets than might even legislation.

I want to go over with the committee members the six phases I would see in implementing something like this, and again, it would be a basis for discussion. In the first phase, there needs to be some sort of research and development of helmet standards. I know I am not the first person to come here to speak to you and I am sure you have learned by now that there are no national standards for helmets, so consequently you need to have some time or capacity to do some research. A number of companies, for example, have identified their own in-house standards, but there never has been within the province or within the nation an acceptable or a government-recognized standard. Even the companies themselves, I am told, do not have standards for bicycle helmets for five years and younger, which I think would be a very key clientele that legislation like this would be looking to. So that is probably phase 1.

Phase 2 is that there need to be some criteria that would be given out to the helmet manufacturers so that they would be able to gear up to manufacture the objects. Then there needs to be a public education campaign, as I talked about earlier. I have divided that campaign in two or three phases itself.

First of all there needs to be a very general education campaign to the general public so that we can convince the general public of the need and benefit of wearing helmets. The next phase is a more concentrated education campaign, probably with some key target client groups we would like to see use the helmets, and that more concentrated campaign could be held in bicycle clubs and schools. It should be geared towards helmet selection, helmet use, the advantages of using helmets and also maintenance, because it is just not enough to get an old helmet and put it on; it can be more detrimental to your health than anything else. This phase would help to solidify the manufacturing standards and criteria the manufacturers would then be able to use to supply the helmets.

Then, and only after all that, do we feel there could be phased-in mandatory helmet legislation, because it is probably very difficult to expect that this could happen overnight. I am not an expert on what happened in Australia, but I understand from the limited reading I have done that in Australia they started education campaigns in 1983 and the legislation came into effect in 1990. So you see there was this gradual public acceptance of it to avoid some of the backlash that might arrive or occur.

Also, if we look at what happened in Maryland, there was a county there, and I cannot remember which one, where they had a grace period of about three months, which I still do not think is enough. Anyway, they also recognized that you could not start laying charges immediately and that you had to have some implementation phase.

Those are six of the points I want to make. Other items I am sure you have thought about are the resources that would be required. Some of you have heard me talk at other forums about resources, but certainly if there is going to be some research done, if the government wants to encourage research, if there are going to be educational campaigns, if we are going to decide there is going to be a very strict enforcement of this type of legislation, then there is a resource issue that will have to be addressed to make it realistic.

There are also a number of legal questions that need to be dealt with, as simple maybe as what is a "bicycle." I notice the other legislation dealt with the definition of a "bicycle." What do you do if you use the current Highway Traffic Act? What do you do with children under the age of 12 who currently cannot be convicted of a provincial offence? What do you do with exemptions for religious grounds of people of some cultures who might not be predisposed to wear a helmet? Those are some of the other issues I am sure people have already shared with you, but I just want to let you know that those are the types of things we think about that may explain our initial lack of enthusiasm for the proposal before us now.

Mr Waters: One of the things that has come up so many times in this discussion, and I guess you are the appropriate people to ask this of, is that everyone claims the cyclists are out there doing whatever they want and nobody ever touches them. I cannot argue with them. As I came here today I almost got run down by an adult, not a child—most are adults on the sidewalk with their 10-speed or 20-speed or whatever they are these days—roaring down full tilt because he wanted to beat the traffic.

When are the police going to start enforcing the law that exists now, because what they are saying is, why are we creating another law when the police refuse to enforce what is already there? I would like to know when and why they are not at this point in time?

Mr Obonsawin: This is an excellent occasion for me to introduce Bob Scott and let him do a bit of talking now.

Mr Scott: I do not have an honest answer for you. That is not to suggest the answer I am going to give you is dishonest, but you enforce what you can as you can. I suppose if someone wants to come along and say, "For the next three months you will do nothing but bicycle enforcement," then obviously you would see an increase in enforcement. I do not have an answer for you.

Mr Waters: In the instance today, there happened to be a cruiser sitting right there. This individual is on the sidewalk beside the cruiser. He looks at him and sits there. He was not going anywhere, and that is the attitude. Police seem to have an attitude of, "Oh, well," almost as if these people are outside the law.

They run red lights constantly. They virtually use the pedestrians as—if it was horses, you would call it barrel racing. "This is an obstacle course and let's see how fast we can go through it." Even when the police are there—I could see it if they were on a call or something like that; they have priorities and we do not know where they are going or why. But I see it time and time again, and I once again state that it is adults, not children who are breaking these laws. Why are they not charged the same as a person on a motorcycle or in a car?

If a person on a motorcycle ran a red light or drove down a sidewalk and that officer was there, he would charge the person. Because it is a bicycle, they seem to feel these people are somehow exempted. It is an attitude that I think we have within our police forces, and how do we answer the people who come before us?

Mr Scott: The frustration you feel is probably the same frustration I feel when I drive down Highway 401 in a blue and gold and I am travelling at 110 or 120 kilometres per hour and I have the majority of traffic going past me. At work, where do I start? I am not suggesting it is the same situation, but there is a frustration and I really do not know how you deal with that. I do not have an answer for you.

Mr Waters: I do not know how long I have, so cut me off whenever you feel free, but not too soon.

1650

The Chair: You can have as long as you want. It all depends whether you want to let Ms Murdock ask some questions too.

Mr Waters: Anything for Ms Murdock. I will try to sneak a quick one in first. When I read this I had mixed feelings about your letter because your letter has mixed feelings in it. One minute it says yes; the next minute it says no. I wondered if we could go into the yes and no.

I think what we are after here is some direction. We are not saying that by next April we want to have this law in place. We want to give everybody some lead time. I am wondering about the complete flip-flop between the two paragraphs, if you would go into that a bit.

Mr Obonsawin: First of all, what I had to respond to, from my perspective, was the draft bill that had been tabled and was relatively short and concise in its own way. We simply wanted to make two points there.

One was that as I said earlier in my opening statement we definitely do support a program that would encourage, either through enforcement or education, ultimately enforcement, the wearing of bicycle helmets. We cannot argue with that. We needed to make a strong statement, maybe too strong, about the fact that in light of all the other pressures that are on the government at the current time—certainly on ourselves—there had to be a recognition of the resources, a recognition of the educational campaign, a recognition that if all these things are going to happen—because again the draft bill is not very specific with respect to a time frame—there had to be a phased-in approach or there had to be a number of elements to this initiative that would take time.

Mr Waters: I was hoping you were going to say "more officers," because I am still in need of those nine I asked you for.

Ms S. Murdock: He always has to get his dig in.

Mr Waters: That is okay. I will get my dig in in Muskoka. I will turn it over to Ms Murdock.

Ms S. Murdock: I have two areas I want to explore with you. One is, and I have mentioned this before although obviously you would have not heard about it, that when I was growing up bicycle safety was a big issue in the elementary school system. It was long before regional government ever came into play. We had a police officer, Sergeant Archie Stewart, who was designated—I am sure, Don, you will remember it because you are from Sudbury—to do nothing but go to schools. I know that the OPP in Sudbury has community liaison officers but they are not designated just for schools. Dennis Appenden there—he is part-time now—includes schools in his capacity of community liaison officer, but he is not designated to do that.

I know it is a resource allocation issue again, but in truth, with the statistics we have been hearing throughout the hearings at this committee on bicycle accidents and the cost to the medical system in this province just on bicycle accidents alone, and in particular head injuries, it would be worth it in the long run to designate within every office in the OPP—I realize that you do not have control over the others specifically—a school community officer strictly designated to the elementary school system. I am wondering if you have given any thought to that. That is my first question.

The second question is, could you live with a phase-in period, in terms of research and development and criteria to helmet manufacturers, say, of six months or along that line, with public education obviously going hand in glove with that for a longer period of time, with the legislation coming into effect where it would be enforceable anywhere from 15 months to 18 months later from date of passage?

I will let you answer both of those.

Mr Obonsawin: Starting with the second question first, a phase-in period of, let's say, six months with respect to developing the criteria and all that, to be honest with you, I do not know. I will let Bob speak in a few moments. We know so little about where the manufacturing sector is right now with respect to developing standards and how prepared it is—

Ms S. Murdock: If I might interrupt, we do have Canadian Standards Association standards in this country right now for helmets, as we have been told. I would suggest that your staff get their hands on the Hansards of these committee hearings and the presentations that have been made by some very educated, well-informed groups.

Mr Obonsawin: We know we have CSA, Snell and American National Standards Institute standards, I believe, but those are not standards that have been recognized, to my knowledge—I may be wrong—by the government authorities that would need to recognize those. They are manufacturing standards or industry standards, I guess you would refer to them. I am not quite sure, and I really do not know, to what extent we could use them. But you are right that there are at least three standards out there. Which one

would we use? Would we use CSA? Would we use Snell? Would we use ANSI? Someone would have to decide that.

We also know, however, that we do not have standards for below five years of age. That may not be one of the main client groups that is targeted, but I think it eventually will be an important client group.

I will not even attempt to answer the question as to whether six or seven months is adequate, because I think it will depend where the industry is at, and I have no sense. Maybe Bob does.

With respect to a public information campaign lasting anywhere from 12 to 18 months, I am sure that period would be better than nothing. When we were informally talking about an education campaign around our table, we were thinking of three or four years rather than one or one and a half years. If you look at Australia, they have been doing it since 1983, which may be too long.

Ms S. Murdock: That is too long.

Mr Obonsawin: I guess a lot of it also would depend on the intensity of that campaign. I think you have to have the co-operation, let's say, of the bicycling community, and of the local community. An important element of our philosophy is that when we do, if we ever do, get involved in helmet legislation this way, which has a very important educational campaign component to it, it really has to be a campaign developed with a number of partnerships because it is not just enough for a ministry or a level of government to say, "This is what it's going to be." You really have to work with a number of the communities that are closer to the bicycling community—the schools, for example—to get them on board, and maybe a lot of time can be saved there.

Ms S. Murdock: Actually, with the interministerial grouping I have already thought of the Ministry of Health, the Ministry of Education, the Ministry of the Solicitor General and the Ministry of Transportation. There are all kinds.

Mr Obonsawin: We have to go beyond that.

Ms S. Murdock: All of them can chip in.

Mr Obonsawin: Yes, that is right. There certainly would be a lot of partnerships within the government and within the ministries. One of our basic philosophies in the OPP, but also now in the municipal policing area, is community policing. It is involving the community and the local members in developing whatever campaign, especially on the preventive side. I would see this as being very important.

With respect to dedicating an officer to the schools, we are touching on the issue of resources. I am not denying it is a good idea. Over the past few years in the OPP, we have probably been rededicating the dedicated officers who are involved in the schools to the drug prevention program. We have developed a series of curricula there. To do something very specifically oriented towards bicycling and wearing of helmets would require updating the information that might have been there before, but it would be a resource issue.

Ms S. Murdock: Nothing has changed since the Archie Stewart days.

Mr Obonsawin: Maybe not. Maybe we could just borrow Archie's slides. I think it has got a little more

complicated, especially if it would be done in tandem with a piece of legislation that was going to be implemented, so that people would understand that. It is not just a question of telling them they have to wear a helmet, but also what type of helmet. That is why the education campaign has to be geared with the research and standards the industry will have to develop.

The other thing is, could the industry gear up in a 15- or 18-month period to manufacture? Maybe so, but we have to consult with them. Is that enough lead time for them after they have done their research to manufacture the numbers of helmets that might be required?

1700

Mrs Fawcett: I was interested when you were talking about the standards. Does the ministry not have a specific idea right now of what standards it would follow?

Mr Obonsawin: We have our own standards. Our police officers who are driving bicycles wear helmets and we have developed our own standards.

Mrs Fawcett: Do you feel those are adequate?

Mr Obonsawin: I will pass that on to Bob.

Mr Scott: We have identified, within the OPP for our officers who ride bicycles, a standard—

Mrs Fawcett: To me they would or should be the top standards.

Mr Scott: —but those are standards designed for adults and I do not know if those standards would suit the children and so on. There is a cost attached to that standard and I am not sure if the average family is going to be able to afford three or four helmets at \$80 or \$100 apiece. Who puts a price on safety—

Mrs Fawcett: Exactly.

Mr Scott: —but who can afford that, or do they just stop riding bicycles?

Mrs Fawcett: It would certainly be an excellent place to start.

Mr Scott: Forcing everybody point-blank to start wearing helmets may go against encouraging people to use bicycles over other means of transportation.

Mrs Fawcett: I do not mean to come in with a heavy hand, but to me it would be an excellent place to start.

Mr Scott: My understanding is that there are various standards within the industry, but I am not sure the government has recognized the standard it is prepared to support.

Mrs Fawcett: Has anyone ever done a comparison, let's say, of what you use as standards and the CSA or any of those others?

Mr Scott: Our policy and planning branch did a fair amount of research when we identified ours, but I do not know enough about that research to answer your question.

Mr Miclash: I would like to say this is an issue that has actually gained a lot of recognition throughout the north, and I think the most common question I hear is cost. "What is this going to cost for me to put my four kids into helmets?" It can all be related to safety but I am sure these helmets are probably good for a good number of years, and I really have not been able to give them an answer in

terms of when they have asked about cost. You are saying \$60 to \$100. Is this what you are finding for CSA-approved?

Mr Scott: The three helmets I am aware of that we were prepared to accept I think ranged between \$70 and some \$80, and I know they looked at helmets that were in the \$150 range. As far as cost, well, I think back to the child restraints and the requirement for people suddenly to put their hands on a child restraint or a child seat. Not enough people really understood how to select a proper child seat, and I am not sure everybody was getting a good child seat. I do not know.

Mr Michash: Dianne, how do you answer that question in terms of cost?

Mrs Cunningham: I first of all give the answers of the experts who came before the committee. The expert we have given the most credibility to is a Mr Coffman of the Bicycle Helmets Standards Committee. He has been involved in the development and production of hockey helmets during all that discussion and ultimately decision-making and now he is involved with bicycle helmets, so he was an extremely credible witness. To really get the answer you will have to read the Hansards because I am only paraphrasing him. He appeared on November 27. Were you able to get hold of that and read it? I would suggest strongly that you do, because he certainly is an expert.

He advised the committee that in a period of a year or two, and certainly within the year, American companies could produce and sell in Ontario probably as many helmets as we would need to phase in legislation. We in this committee has not got together on this, but all of us are asking the same kinds of questions. The phase-in is much longer than what you could even believe. We are talking probably two years. We are trying to take the advice of witnesses. We knew we could probably, for the helmet and the cost, do it in a year if that is all we cared about, but that it is not all we care about. We care about the other issue you have raised, and that is public education.

He told us that when we really get the market, if we give enough lead time we can probably get these manufactured in Ontario by Canadian companies, and that is what we are trying to do because that is our goal. The cost would be probably around \$25 to \$30. I think I am being very fair. I think he actually said that with the coupons provided you could get them for \$17.95.

I know that when you go into the stores—obviously I am not going to come to this committee without having done my homework. Over the last year or so I have bought helmets from time to time. I am not going to mention the names of stores, but if you are organized you can go to your paediatrician or any hospital or trauma unit and get a little form to fill in and send away and get a helmet for \$20 to \$30. If you want Teenage Mutant Ninja Turtles, you pay \$5 more for the stickers. However, if you buy the stickers in the local store, it is cheaper.

But you can now, if you are organized, get yourself a helmet for between \$20 and \$30. If you just walk into one of the popular sporting goods stores, you can pick yourself up a helmet for—I am now talking of children over the age of five. I agree with you that even though they sell them

for under-fives, they are not approved to what this committee has been advised would be useful. You can buy them for anywhere from \$32 or \$33 in a good sporting goods store. When I chose the helmets for our family, because of the salesmanship of the person, as I was advised by Mr Coffman at the committee, they were able to sell me helmets for \$59.95. But I have bought \$35 helmets and I have bought \$27 helmets. That is the range I buy.

Interestingly enough, I asked the police cyclists in Victoria, British Columbia, because I happened to be there this year. There are two things in Victoria that are really in: bicycle helmets and braces on your teeth. The braces were very expensive and they also had to be coloured. The police department there was paying \$59 for its helmets. But I was even in a store where if you go in and buy them for a school, they will give you a tremendous discount in any sporting goods store. They will buy them right from the supplier. In London, I am aware of a class that went in recently and got \$59 helmets for \$35 because it went in and bought them in bulk.

I think the marketplace is trying to respond to the needs, and obviously bike helmet sales are up. If you phone around this Christmas, you will find that a lot of stores do not have them. I do not know whether it has been this committee having these public hearings. I would like to think it is the home and school associations, the Kiwanis clubs and the safety committees throughout the province that have done a wonderful job.

Anyway, that was a long answer but it was not simply the price we should look at. It is a good thing Kormos is not here. He would have had me by now.

Mr Scott: I was not aware you could get a good-quality helmet that would do the job for that price. If that is available, that is a bonus. I agree with what you are saying, that there seems to be an increase in the number of people who are wearing helmets, even people I see in my own neighbourhood. Part of the job we are trying to accomplish here, to ensure there is phase-in period, is already starting to happen. I suspect the child restraint and the understanding of the value of that goes right along with the helmet.

Mrs Cunningham: What do you mean "child restraint"?

Mr Scott: People are becoming more aware of safety for their children in terms of motor vehicles. My feeling is that they appreciate child restraint and have taken that one step further as well, into their helmets.

Mrs Cunningham: Interestingly enough, I think this committee, through its questions, has not really been promoting bicycles for kids under five, so it does not talk a lot about that and has given no discussion to seat carriers. Without my saying anything, most of the members of this committee just do not think they are safe. We are looking towards what we believe is safe and trying to promote that.

The helmet decision by Consumer and Corporate Affairs Canada to make a new Canadian standard for bicycle helmets voluntary rather than mandatory is probably what you are talking about when you say we do not have the mandatory requirement. In spite of that, given what we have heard before the committee, I do not think that is particularly

important at all. This province is looking to be the leader, and if we have to tell the federal government what to do, that is exactly what we would like to be able to do.

1710

In this instance, the bicycle helmets sold in Canada meet at least one of the three existing standards: the Canadian Standards Association, the Snel Memorial Foundation or the American National Standards Institute. As you know, these helmets are tested in three different ways. They are tested with a drop test, where the CSA is the best; they are tested in impact absorption, where the jury is out as to which is the best, and they are tested on retention systems, where the CSA is the best, given the research that has been done. If we say CSA on at least two out of three, we are probably ahead of the game.

What do we want in the way of bicycle helmets? The research on helmets will go on for ever. Five years ago I would not have had the confidence I have now, and 10 years ago not at all. Look at the way hockey helmets have progressed. I was on a school board where we had to change all the hockey helmets twice in the time I was on that board because new helmets came out. I think we are facing the same thing here. I would like you to respond to the readiness of helmets.

Mr Scott: I do not know enough about the research. We may very well have a helmet that meets what we would like to see. If that is the case, then the research period is shortened to the time it takes to state that this is what we are going to accept.

Mrs Cunningham: My view is that the government ought to take a deep breath and a sigh of relief on that one, because if I had to put the taxpayers' money into that research, I would not do it. The private sector is doing it. They are in competition. We have free ways of moving in on that. What we are concerned about is the education. We think a lot of good education has been going on for 10 years. By the way, when I say "we," it is because the committee has been told this. We agree we have to zero in on—on phase 1, we say you should not worry.

Mr Obonsawin: Could we just talk about that phase 1?

Mrs Cunningham: I am talking about your phase 1.

The Vice-Chair: Would you like to respond to phase 1, that we should not worry? Is that what you are saying?

Mr Obonsawin: I just want to ask a question about it.

Mrs Cunningham: I think we agree pretty well. There are none up to five years old. We agree with that.

Mr Obonsawin: I was just wondering with respect to the standards. You are comfortable that the industry has a standard, so what would government be saying? Would government be saying that we go with CSA standards?

Mrs Cunningham: All three. It is the person's choice. If we could ever get our own Ontario standards and ask a manufacturer to meet them, a combination of that, in the next couple of years that we are phasing it in, all the more power to industry in Ontario. I think there is room. I think if we had to do it tomorrow, we would have that. The criteria to the manufacturer would maybe be part of a

committee that might come out of this. I hate committees, by the way, but somebody recommended it.

Mr Obonsawin: A task force.

Mrs Cunningham: We agree with the public education part. I think the committee will probably be spending a lot of time on that. The phase-in we agree with. I think your letter was premature.

Mr Obonsawin: Rightly or wrongly, the only information I had to go on was the draft legislation. It was relatively short in itself.

Mrs Cunningham: On that one point, when we got the letter I was personally disappointed. I think we should all wait until the experts come before the committee before we make up our minds. Even in presenting this bill I was not convinced that I could make a strong case for the government. Until we get together, I still have some questions I cannot answer. But I will tell you that the public coming before this committee has been extremely strong. They have been the ones who have persuaded us to look seriously. I thank you for your advice today.

Mr Obonsawin: What I would like the committee to remember, if the committee decides to proceed and the bill is passed, is that these things do have to happen, that there have to be some resources dedicated to implementing this. This cannot become another flash in the pan, as we have seen happen with a lot of these initiatives in the past, where for the first year or two there is very high public visibility, and there seems to be public support for it and the system is somewhat geared up to support it, but then two, three, four or five years later it all fizzles out. That is our main concern. Our concern is that it not be something that is done very quickly where, be it through enforcement or education, the campaign is not adequately supported, so it literally becomes unenforceable. That was our concern. Simply to say, "Have something in a piece of legislation which says helmets must be worn," is very difficult to enforce.

Mrs Cunningham: I personally share your concern on that. That is why we have taken the approach we have. I will tell you that if children and adults do not wear these helmets just because we pass a law, the whole thing has been a wasted exercise and what I do not believe in: a political statement. I think this committee has been particularly non-partisan. We want to see something happen and that is why we are happy to have your good advice.

The Vice-Chair: I am going to take another shot, being the Chair. We have time. One of the things I would like to see come from not only your ministry but the ministry I represent as well—you want to ask a question too, George? Okay, I am going to sneak mine in first—is some assistance with the regs and the policies we are going to have to work with. When we change the act, we will be changing one word if we go ahead with this. But as we all know there are a lot of things that go along with that change of one word, the fact that—I think you mentioned it—children under 12 are exempted now.

Mrs Cunningham: The definition of a "bicycle."

The Vice-Chair: What is the definition of a "bicycle?" I hope the ministries would be able to assist us with that

type of thing and I would not mind some comment on it. Is that what you mean by the fact you are going to need time before it is enacted?

Mr Obonsawin: There are different times we need. We need preparatory time to ensure the appropriate campaigns, standards, legislation and all the regulations are developed, which means it also has to be deemed to be a government priority. If I have only two people—speaking very parochially now as a ministry—and the two people in the policy shop are supposed to be gearing up and working on something very specific because that is what I understand to be the government's priority right now, it is very difficult for me to say to some other forum within the government that I cannot deliver on this because we have to be working on that.

That is the additional type of time I need. It is also, I suppose, the message I need to get from the government, that this is somewhere it does want relatively limited resources to be spent on over the next two months, three months, four months, six months, a year, depending on how long it is going to take for us to implement this. That is part of the resources I was speaking about.

I was also speaking about the implementation resources. Once we do all this stuff internally, the associations, clubs, schools or police services, whatever, are going to have to identify some resources like the Archies of the world to do this type of thing. The government can come back and say, "We expect all municipal police forces to have a dedicated officer who is going to work in the schools." The government will again be criticized for dumping something else on municipalities without providing additional resources. That is the other type of resources I am also talking about. You want to make sure the program does not lose support because of some of the costing elements that become sources of friction between a provincial government and another level of government, be it a school board, a municipal government or another jurisdiction.

Mr Dadamo: Among the many presenters to this committee was a Mark Buckner, a member of the Windsor Bicycling Committee. I was not here when he was. I was in Windsor when he was here. He wrote a guest column in the Windsor Star on the weekend and I brought it to the attention of Mrs Cunningham. She brought it back to my attention. I am just trying to solicit a response from authority, if you will. I want to read a couple of paragraphs. He says:

"The police do very little to enforce the existing bicycle laws, lacking both the resources and the will. If, for example, they were to enforce the law requiring lights on bikes, it could go a long way toward preventing the 19% of bike accidents that happen in the dark.

"Police officers have indicated they do not think that a helmet law will be or can be properly enforced. Police budgets are already strained by rising crime rates and the huge Ontario deficit."

I am trying to solicit from Sergeant Scott if he knows what the mood of authority is out there. If we were to legislate in the next couple of years, what are the officers saying at this point?

1720

Mr Scott: I do not know what they are saying. I have some perceptions that have followed other things that could follow into this situation. You have a person who has a child killed in a motor vehicle accident and then there is a perception that the officer is reluctant to charge the parent with failing to ensure the child was properly secured. I see the same mentality, either voluntary or involuntary, coming into play with bicycles in the enforcement we have experienced in the past and the enforcement you might see in the future.

Mr Dadamo: If police officers in cities and the OPP that covers the rural parts of the province are not out there actively enforcing, what good is the legislation? Do they have the time? Do they have the will to want to do this?

Mr Scott: You take it like any other situation. It becomes a piece of legislation, and if the officer in his mind feels it is an important thing, he as an individual or she as an individual may enforce it, but unless there is some push or support overall, some incentive to follow along that way, you probably are not going to see the individual enforcement, ie, the tendency for one officer to enforce seatbelt legislation and the next officer not to wear his own seatbelt. There is an education component there. When you understand the value of it, then you start to understand the need to enforce it.

Mr Dadamo: Do you agree that it would obviously take a little bit of time for the public to consume the education process?

Mr Scott: Education of the public, but education of the enforcement community as well to the value of helmets and the need to wear them.

Mr Obonsawin: If I could also comment, because it is a good question, it is very difficult for one person to feel that he or she can speak on behalf of the policing community, but certainly as I have gone around and spoken to the representatives of the various police services in this province, they are telling me that they are now looking at what services they are going to stop doing rather than the new services they are going to be doing. All of them are getting overwhelmed by the increase in crime, the drugs, the guns, with the B and Es, the break and enterings. It is causing strain on their preventive type of programs. It means that at a certain point in time, even though there may have been an officer sitting in his car while an infraction was occurring, he may just have been watching time go by or he may have been filling in a report on something else or he may have been working on another incident.

There is going to have to be some very special incentive, I think, for enforcement. I do not want to belabour the fact that it is going to have to be tied into an educational campaign. We talk a lot about that. But if we are strictly hoping to get adherence through enforcement, as we said earlier, it may happen for six months or eight months and then it may follow the fate of the broken headlight that we all know is an offence but we all see them running around now. We know the Ontario population does not wear seatbelts as often as they should and there is an enforcement crunch with respect to a number of our laws. We will

have to ensure that we do something different in this piece of legislation.

Mr Dadamo: I was not expecting you to answer for all police enforcement. I was just trying to solicit what maybe a personal response would be, or what you are hearing.

Mr Obonsawin: What I am hearing is police coming to me and saying: "What do you want us to do? Do you want us to do these little things"—I do not want to argue if this is a little thing—"or do you want us to bust some of these crime waves that are all around us, either in cigarette smuggling or break and entering?"

This goes back again to Bob's point about also needing to sensitize the police services to the importance of this as a public safety issue. But when the men and the women are out there on the street, their attention is being sought by a number of issues, and I would think that if the development of this law is not done appropriately, it would compete with a number of others and might not receive the attention I think this committee would want it to receive.

Ms S. Murdock: Just a quick comment: The group that appeared before you was from the town of Winham, a police constable from the town and the president of the Optimist club. It has a bicycle safety program going.

Mr Obonsawin: They do have one?

Ms S. Murdock: Yes. They give tickets to the kids on bicycles for doing the right things for a period of a week, with contests and so on and so forth. If you are doing something right you get a ticket instead of if you are doing something wrong. The more tickets you get, obviously the better off you are and so on. That kind of perception, that kind of change of thinking, and making the police officer a friend rather than someone to be afraid of, I think is really an important concept that we have to foster. That is just a comment, not a question.

Mr Obonsawin: It is part of the community philosophy I think you would see in the OPP. We are continuously trying to do that. Again, though, what is feasible in Winham will be very different to what is feasible in Ottawa, Toronto or even Sudbury.

Ms S. Murdock: Yes.

Mr Scott: On this comment about the officer who was dedicated to going into schools and doing it full-time, we had a number of community officers, by a different name perhaps at the time, who went into schools and did safety campaigns and bike rodeos and so on. It becomes a priority thing as well. "I have other safety things or education things I should be presenting," so that program starts to slide back. If you are going to introduce that, either something else gives or the resources have to be increased.

Coming from Kincardine, I am familiar with Winham and its campaign. It is nice to see. Enforcement, whether it is warning or a positive reinforcement or negative, is still enforcement.

Ms S. Murdock: I know when Dennis was in my classroom he used up every roll of my masking tape to make roads on my floor. I supplied all the tape.

The Chair: On that bit of nostalgia, we have to thank both these people for spending the time here this afternoon. We appreciate your attendance and trust we will be able to call upon you in the weeks to come should we require your input again.

ONTARIO FEDERATION OF HOME AND SCHOOL ASSOCIATIONS

The Chair: We are graced now with participation by the Ontario Federation of Home and School Associations. Come on up, and note that there is coffee, some soft drinks and some orange juice over here on the side table for you. We want you to be reasonably comfortable here, notwithstanding that you are among so many politicians. We have a package of written material that is being given to each member and will form a part of the record. This will be identified as an exhibit in these hearings. Please identify yourselves with your name and whatever title might accompany you and then commence with your presentation. Try to leave us the second 15 minutes at least for questioning, because usually that is the far more productive part of the program.

Mrs McGuire: I appreciate your providing time for the Ontario Federation of Home and School Associations to make a presentation to this committee. We feel this is an important issue for us and for the children and young people of Ontario.

I am Norma McGuire, president of the Ontario Federation of Home and School Associations. On my right is Sandy Hill, past president of the Dalewood Home and School Association in Hamilton, and Marlene Gibson, also a past president of the Dalewood Home and School Association in Hamilton.

What I would like to do to start is give you a little bit of information about Home and School in Ontario, what we are and who we are. We were founded in 1916 in the city of Toronto. The Canadian Home and School and Parent-Teacher Federation, of which we are a member, was founded in 1895, so we have been around for a long while. We are a non-profit volunteer organization and we are financed mainly by the sale of memberships to parents and other people in the community who are interested in the wellbeing of children and support our objectives.

1730

We are located in all parts of the province. We act as a direct link between the home and the school and act to promote the educational, social and emotional wellbeing of children and young people. We research, study, evaluate and then present proposals that serve the best interests of the children. We bring together parents and educators to work co-operatively and collaboratively to achieve "The Best For Each Child."

We differ from other community organizations in that our structure is geared to all levels of government. The local association deals mainly with the local school. The local council deals with the local school board and municipality, a region with a regional board of the ministries, and the Ontario federation with the Ministry of Education predominantly, but also groups such as yourselves at the provincial level. Because we are connected to the Canadian

Home and School and Parent-Teacher Federation, we have a link with the federal government and on issues such as this one we can take a bicycle helmet issue to our Canadian federation, which would then proceed to promote our ideas to Canadian government or other Canadian officials. That is where our strength lies, in being able to relate at all levels with the various government officials.

We have resolutions, and this is what happened with the bicycle helmet. A resolution came forth, prepared by the two people on my right, and I am going to turn it over to them now and let you hear how we function and how they have functioned to bring this issue to you today.

Mrs Hill: My name is Sandy Hill. As Norma has mentioned, I am a past president of the Dalewood Home and School Association. It is a pleasure for us to be here today, although a little nerve-racking. Marlene and I are just moms. Norma is the president of Home and School, and we are just moms. I want you to know we are each the mother of three kids, so we have nine kids we will speak for as we sit here.

I will speak personally for a minute and tell you that when I started with Home and School, I wanted to have a personal link with the school to know what my kids were doing in school. I wanted to have access to volunteer at the school level. I wanted to get to know the staff and the teachers at the school. I really did not know it could one day lead to all this, but as I became more involved with Home and School, I realized that the pyramid worked so that you came from your local home and school association and you could work your way up to this sort of activity.

Today we represent the Ontario Federation of Home and School Associations, which has more than 17,000 members in Ontario. There are about 50,000 members in Canada. As Norma has already mentioned, the motto is "The Best for Each Child," and the missions statement is,

"The Ontario Federation of Home and School Associations, a province-wide network of dedicated members, is committed to informed and proactive involvement in our homes, our schools and our communities to obtain 'The Best for Each Child.'"

I guess that is really what brings us here today, to be proactively involved.

Resolutions work when an individual association or an individual member comes up with an idea he or she thinks is a good idea, and any association can put a resolution together. It goes from that particular association through councils and all the way up the ladder until it is eventually presented at the annual general meeting of the Home and School. Those recommendations can then be forwarded on to various interest groups, government agencies or ministries, so here we are today.

Resolutions can deal with all kinds of things, not just the safety of our children, but they have dealt with many issues throughout the years.

We believe that bicycle helmets are important and that there are two aspects of bicycle helmets we would like to speak to you about today. One is the legislation of bicycle helmets for bicycle riders and the other is the unshelving of CSA testing.

Mrs Gibson: I will give you a little background on how we got here today. In the spring of 1990 our home and school association had a parent education night. Dr Venturelli, who is a paediatrician at McMaster University Medical Centre, spoke to our parents group about accidents and injuries in the home and how to prevent them. One of the concerns he expressed was that there was a lack of bicycle helmet use within the community of Hamilton, that it was not just the children, but the parents were also not wearing helmets and they would be good role models.

A number of the parents in our community went out and bought bicycle helmets thinking: "Okay, we know how to be good parents. We can do this." They got themselves the helmet and they could not get their kids to wear it. No matter what they did, they did not want to wear it, or they would go around the block and it would be off and dangling from the handlebars. At that point we discussed it and decided that if the Ontario Federation of Home and School Associations mass-purchased bicycle helmets, they would all be delivered on the same day, everybody would have his helmet at the same time and it would be the in-thing to do to wear your bicycle helmet.

We contacted a list of manufacturers we got from CSA that had CSA approved helmets. We thought it was important to have CSA approved helmets, because we wanted the highest standard available, and we did not know whether there would be any legal action brought against us if somebody should be hurt with the helmet we sold them. We went with CSA approved helmets and we contacted a lady named Cathy McQueen, who was from Sears in Hamilton and who was really excited about the project and told us that she could give us a good price and that they had CSA approved helmets available. This solved a couple of our problems: the good price—she was going to sell them to us for under \$25—and it was going to be all size levels, from an infant helmet right up to an adult helmet, so that families could buy into the concept.

We also had George Fraser who is from the Hamilton Cycling Association. He mentioned to the kids that the Hamilton Cycling Association insists that all the cyclists who race wear helmets and that trick riders wear helmets. He had a display of helmets right from old-fashioned web leather caps all the way up to the ultra-modern things and was showing them to the children.

Then we sent order forms home, and by the time this was all done, within our community we had sold 300 helmets. We were all delighted. The next day there were all these helmets on the street at the same time. Everybody wanted to wear his helmet. It was the in thing to do at that point.

The schools we were involved with were from K4 up to grade 8, so we were talking up to about 13- and 14-year-olds.

Mrs Hill: We are going to ping-pong back and forth.

Our brief urges that shelving of the mandatory CSA approved testing of bicycle helmets be lifted. Initially we had great difficulty in finding helmets that were CSA approved. We went to different kinds of stores, and actually Marlene originally bought a helmet that was not approved. She ended up taking it back and shopping through more stores to find one that was approved. We believe it is

important because we have been told by everyone that the CSA testing is the best testing you can get. We do not believe people should go out and buy a helmet and then find out it does not provide the optimum protection.

Now that we all know about CSA testing, and we have all bought bicycle helmets, you might wonder why we are here. The reason we are here is this bicycle helmet worn by a Burlington rider. It is an approved helmet, and he was in a car accident. When you take off the decorative shell, I will show you why we believe bicycle helmets are really important. It does not take a lot of imagination to figure out what would have happened to him had he not been wearing a helmet.

I am the mother of a teenage son. Marlene is the mother of a teenage daughter. Even though our household is informed of the dangers of riding bicycles without a helmet—Marlene and I have sold bicycle helmets and we have been involved in the campaign to promote the use of bicycle helmets—my teenage son will not wear it. He will wear it till he gets around the corner but then it is off, because it is not cool. None of his friends wear them. It is not the in thing to do. No matter whether I like it or not, peer pressure at that age overrides parental pressure every time.

My son also uses his bike as his method of transportation. He is 14. He does not have keys to the car and he is not taking the bus and he is not walking, so that is his principal form of transportation. He knows the rules of the road, but he has not been tested like a driver has, so I do not know just exactly how careful he is going to be.

He sometimes travels at the speeds equivalent to cars, and in traffic jams and stuff he travels faster than cars. He is seeking his independence, so he truly believes that at 14 he is immortal so he does not need a helmet. It was cute, actually. Marlene's daughter said, "You mean if we have to wear bicycle helmets, it will be your fault," when we told them that we were coming here today.

1740

Mrs Cunningham: They are going to remember you said that.

Mrs Hill: Because the inference is, "If we have to wear them, it will be your fault." My kid is not about to disobey the law, but he is not going to listen to mom, bottom line.

We believe that the safety of our children at present is in question, and because our children are at risk, we decided to take this resolution to the annual general meeting of the Ontario Federation of Home and School Associations, asking parents across the province to endorse the idea of legislating bike helmets. As we see it, the mandatory route is the route to go.

Copies of our resolution have been distributed to many organizations and agencies and we have received letters of endorsements from several agencies.

Mrs Gibson: We believe that the idea of wearing a bicycle helmet is one of those motherhood statements. Of course everybody agrees with it, and I do not think very many people would be at odds with the concept of wearing a bicycle helmet. What would be opposition to legislation? We thought long and hard, and we came up with what we

think are six reasons, the first being cost. At present helmets are available for under \$25, and I think the Ontario Medical Association's helmets were around that same price. If you compare that to the cost of a long-term disability on a family, the financial costs, the emotional costs, the physical costs, the disruption of family life, we think it is a real bargain.

Buying a helmet is like buying an insurance policy: You hope you never have to use it, but it is certainly worth it if you have it when you need it. In the past people complained about the cost of infant car seats. How would you get everybody to get a car seat? How would people be able to afford it? What would happen if you were too poor to be able to afford one? What happened was the service clubs and auto clubs put up a rental program, and schemes were devised in order to enable people who are financially disadvantaged to be able to afford these things.

We think that if you provide a phase-in time and include the bicycle helmets with the purchase of new bikes, eventually there will be enough bicycle helmets on the marketplace. There will even be second-hand helmets, like there are in the hockey associations.

We also think that with the increased demand put on manufacturers with legislation, the cost would become more competitive. I have heard it said: "If you just include a bicycle helmet with the purchase of a new bike, that would basically solve your problem. Eventually everybody would have one." But first of all we can tell you that our children will not wear it, even in spite of all they know, in spite of everything that has been said and done; they are still not going to wear a helmet.

The second thing is, how many of you have bought an article with a coupon in it, and the coupon says "\$10 off"? You do not use that coupon if it does not directly impact on you. The bicycle helmet would be the same thing. There it is dangling on the handlebars, but if it is something that is not important to you, you are still not going to wear it.

Mrs Hill: People oppose bike legislation and say it would be an infringement of individual rights. We believe that same tune has been sung before, and we believe a precedent has been set with seatbelt legislation, motorcycle helmet legislation and infant car seat legislation, for example. These were legislated because of the safety aspect, and they were done in spite of complaints and protests from special interest groups, manufacturers and groups concerned about their individual rights.

Perhaps we can parallel motorcycles and bicycles for just a second. Like motorcycles, bicycles are now a viable means of transportation. Just the comparative costs of getting a set of wheels makes bikes a viable alternative. The recession has impacted on that, as have advertising for Participation, ecology buffs, and the improved technology that makes bikes great. In downtown Toronto, parking is a problem. So we believe there is a parallel between bicycles and motorcycles, but unlike motorcyclists, bicyclists have no protection and they are at risk of severe head injuries. Due to government legislation, motorcyclists are no longer at the same risk, and with no present legislation, we believe that cyclists are at risk.

Mrs Gibson: We will cover the next two topics together. They are the impact on the bicycle industry and the impact—

The Chair: If I could interrupt here, let me explain what is happening.

Mrs Gibson: Why is everybody looking at the monitor?

The Chair: Why everybody is looking at the monitor is that a vote was called for 5:45 this afternoon. It was a stupid thing, because we are sitting till midnight and I do not know why it could not be called for 6:15 so it would not inconvenience people like you.

Mrs Gibson: Do you want to go and vote and come back?

The Chair: I do not know the answer.

Mrs Gibson: Go vote.

The Chair: What we are going to do is adjourn for 10 minutes.

Mrs Cunningham: Four minutes.

The Chair: We are going to adjourn for 10 minutes. And if Mr Dadamo or Mrs Cunningham would take you and get you passes into the gallery, at least you will see some of the strange things that happen here. The committee apologizes.

The committee recessed at 1748.

1802

The Chair: Once again, our apologies for the interruption, and thank you for bearing with us while we went through this very sort of rudimentary democratic procedure of voting. The results of the votes were probably no great surprise, but we went through the exercise in any event. Please carry on with your comments.

Mrs Gibson: I think I will go back to dealing with items 3 and 4 on page 6, the impact on the bicycle industry and impact on cycling. We felt there might be groups that would complain that it might impact on them. The bicycling industry might think the cost of the helmet could curtail sales and cycling clubs could protest that if people had to wear a helmet it might decrease the number of people who would be interested in involving themselves in that sport.

However, we like to compare it to the minor hockey association, which from within decided it was going to protect the heads of children and enforce hockey helmets. A child cannot play hockey in a minor hockey league association without a helmet on. They have to be CSA approved helmets as well.

At the time they were coming up with this plan, I am certain the opponents would have said minor hockey was going to decline and die, that nobody was going to be able to afford the helmet and nobody was going to play ever again. As you know and I know, now there are helmets protecting children and adults alike from serious head injuries. The sport has certainly not died. It is as popular as it was at any time and every socioeconomic group is playing hockey. We feel that bicycle helmet legislation would protect our children in the same way and that certainly it

would not detract from the number of bikes sold or the number of people cycling.

In fact, it might encourage more people too. This summer I decided that now I had my helmet, I would ride my bike to work. I sought out the best path that would not cause me great danger. I picked a bunch of side streets. Without the helmet, I would never have done that because I was always petrified that somebody would open his truck door and I would go tumbling over the door or something like that. But I did, and I would not have at any other time.

Mrs Hill: When we were sitting at the back here, there were questions with regard to the difficulties with enforcement. We would like to touch on that. Opponents of seatbelt legislation protested that enforcement would be too difficult, and indeed there are still many within the province who have never buckled up and have never been fined. The safety issue has always been there with seatbelts. I never used a seatbelt until it became legislation. Then it was against the law and I believe that many people living in Ontario abide by the laws of the province, not because they have to but because it is the law. There will always be those people who say they are not going to do so.

We do not believe the fact that some people do not wear helmets and will not be caught is the important thing. We believe the positive impact of legislation is the important thing. We believe that more people will wear helmets because it is legislated, not because of the penalty that might be enforced. The punitive aspect of catching offenders and punishment, we think, is not the issue. We think it is a red herring. The other thing we think is that with the concept of community-based policing gaining momentum, enforcement can be combined with education. We think that education and enforcement go hand in hand.

Mrs Gibson: The sixth opposition could be the legislators themselves might feel that this could be unpopular legislation. I think that right now the government is not looking for any unpopular legislation.

The Chair: It does not have to look for it.

Mrs Gibson: They are not looking for an increased financial burden on the public. When we undertook this campaign in the first place, we were right in the throes of the recession and our Home and School received nothing but positive feedback from this project. People purchased the helmets. There was nothing mandatory. Nobody said you had to buy one. The only pressure might have been the peer pressure that kids wanted to be the same as other kids, but there was no pressure on anybody. It was just a service to the community that we were looking at. We did not receive one negative response. This is probably the best campaign we have ever put through for positive feedback from members of the community, members of the Home and School and teachers. Everybody was commenting about how wonderful this is.

At the annual general meeting of the Ontario Federation of Home and School Associations—this was at a conference; you go to the conference and you go to workshops and everything and then they have an annual general meeting, and at that time they present the resolutions and they are voted on and debated and all that—there was very little

in any negative comment at all. Everybody thought these were good resolutions, and they were passed readily. They went to the Canadian federation and they were again passed readily. Most of the groups we have sent letters off to have also passed them readily, even though people will say you have to look at accessibility of them and things like that. They still have all thought this was a good resolution. We believe this would be good legislation and would be well received by the people of Ontario.

On behalf of the Ontario Federation of Home and School Associations we would like to thank you for giving us this opportunity to speak today. We would like to thank Dianne Cunningham, MPP, for bringing forward her private member's bill, An Act to amend the Highway Traffic Act. We feel that this is an extremely important issue and that it could ultimately affect many lives in this province. This is an opportunity for us all to assist in the prevention of head injuries and the resultant impact on individuals, families and their friends. We would be delighted to answer any questions at this time.

The Chair: I should ask you to note that this is the second time Mrs Cunningham has had to bring this bill into the Legislature. Obviously it is a reflection of the regard people have for her that it has reached this stage, which is a rarity for a private member's bill, especially an opposition member's bill.

Ms S. Murdock: I must commend you on being very well organized and well prepared. I notice your resolution 9, 1991: "Be it resolved that the Ontario Federation of Home and School Associations adopt the policy that all cyclists, regardless of age, and passengers transported in bicycle-mounted child carriers be legislated to wear bicycle helmets."

We have had a number of presenters before this committee who have recommended strongly against bicycle carriers on bicycles at all in that it changes the centre of gravity and really causes the bicycle to be more tipsy. I wonder if you have given any thought to that—you must have when you made the resolution—and why have you included it?

Mrs Gibson: I would never let one of my children sit in one of those rear-mounted carriers, but the fact of the matter is they are available and lots of people use them. If they are going to use them, I would rather have that child on the back wearing a helmet than not wearing a helmet and that is why we included it. It is a fact that they are available and it is a fact that they are being used, and that was not our resolution, to make them no longer available. It was just to protect the heads of people riding bikes. I would have no problem if you made them unavailable.

Mrs Hill: We only wanted to change a little part of the world, not the whole world.

Ms S. Murdock: Yes, that is sort of our intent as well. You did this sale of helmets at a reduced price through the help of that retailer. Has the use of the bicycle helmets stayed steady over a period of time since?

Mrs Gibson: I would say yes.

1810

Ms S. Murdock: Has there been a continued deal on the helmets, or just the one time only?

Mrs Gibson: We did it as a one-time-only shot. We have had people at Home and School meetings say that in the future we probably should do it again for the people whose kids are coming up. We made them available to the community at large, so it was not just the children attending the schools. If they had a younger child, they could purchase them and they would still be wearing them, because they last. They are fitted so that you can grow with them. There are only the three sizes. This is the adult size. There was another size that fits females mostly.

Ms S. Murdock: You see, that is the problem too about the carriers. I do not think there is really a helmet that—

Mrs Gibson: Yes, there is.

Ms S. Murdock: There is, but it is not CSA approved, right?

Mrs Gibson: That is right; it is not CSA approved.

Ms S. Murdock: Right, for under five years of age it is not approved.

Mrs Gibson: That is right.

Mr Waters: I have a couple of questions. One of the things is that when you talked about bicycle clubs and the fact that people would lose interest in cycling, I find that somewhat amazing, because it is usually that particular group that is spending \$3,000 on a bicycle. For \$20 they are going to quit cycling when they spend three grand on a bike? It sort of blew me away.

Mrs Gibson: We thought they might worry that it would decrease the interest of people in cycling, not just their group, but cycling across the board.

Mr Waters: This being Home and School, I have a pet question that I would like to ask, because my children, although they are adults now, drove me crazy. They made me quit smoking and they made me wear my seatbelt.

I agree; I think we need the law. I think that probably the best means of educating the adults is through their children in our schools, and I would not mind if you talked a bit about that. Give us your opinion on how. We have heard things like we should be spending \$800,000 a year on educating people re helmet use. I think the Home and School and the school system could probably do it somewhat cheaper than that, at a great saving to the people of the province, and still have an effective means of educating the adults and the teenagers. A little brother and a little sister have a major effect on driving. They will come and squeal just as much as they would squeal on dad if he did not wear his seatbelt. I would not mind your comments on that.

Mrs Hill: I think you are probably absolutely right, and through this resolution I know that some home and school associations have gone back to their schools. Marlene has received many calls about how we instigated the bicycle helmet sales program and how they can go about doing that sort of thing. So I think there is some education going on through home and school associations.

From a provincial level, there has not been a resolution or recommendation from the board of directors or anything

saying that we are going to go out and actively market the education of bicycle helmets. I am not speaking for Norma, but I would hope the Home and School would be willing to buy into that and say, "We are prepared to help anybody educate people to the safety aspects of things."

One thing I did not mention was the bicyclist from Burlington who rode the bike with this helmet.

Mr Waters: He rode the helmet too, I think.

Mrs Hill: He walked away from the accident with only minor scrapes and bruises and it could have been devastating. So we believe there is an element of education. Certainly the kids who were in the assemblies at the schools we were involved in when this helmet was used—several of my kids and my friends' kids came home and said, "We cannot ride our bikes till we get a helmet." It had a very positive impact on them. So I think you are absolutely right. Younger kids can educate parents who may not have a significant influence on their teenage children as to what they may do. My 14-year-old still says, "It will not happen to me."

Mrs Gibson: "I look like a geek."

Mr Waters: It is amazing. In my area—I come from central Ontario—those very children who will not wear a bicycle helmet would not think of going on a motorcycle or a snowmobile without putting it on. They would never think of it.

Mrs Gibson: Now why is that, because there is legislation?

Mr Waters: It is partially because it is mandatory. The other thing is that most adults now recognize that you have to. I know in my son's case—he took a flip off of his motorcycle into a rock—he would not be here, quite seriously, because the rest of the injuries to him—he hit on his head. He would have been dead for sure.

Mrs Gibson: On bicycles and on motorcycles that is often what happens, because unless they are hit from the side by a car, if they are hit and they impact on something, they always go over the handlebars and land on their head. So to my way of thinking I do not know what, short of legislation, I can do to make my daughter wear a helmet.

She could have her brother and sister squeal on her, but I will tell you, they do not have the same boundaries she does. She is a couple of years older and she can go further. She can go on Main Street to visit her friends. She has to cross Main Street in Hamilton and that is the busiest thoroughfare in Hamilton. That is where she has to go to visit her friends. I am scared if she is on a bicycle without a helmet and she is travelling that distance. I know that I can say, "Leanne, you can't go over there unless you wear your helmet." So on it will go and she will get three blocks down the thing and it will dangle on the—

Mr Dadamo: Fluff up the hair.

Mrs Gibson: —and she will fluff up the hair and away she will go. She will be fine. But the only time I will know about it is when Emergency phones and says: "Mrs Gibson, we have your daughter here. She fell off her bike and she's now unconscious in the trauma room." I do not

want to hear that. I want to have her safe. I do not think I can force her to do it on my own.

Mrs McGuire: If I may add to what has been said, the federation is involved in many areas of the province in local bicycle helmet committees. There are a lot of them springing up. A lot of our members have been involved. There is one that is sitting in Toronto that has been sitting with the Hospital for Sick Children and some of those groups. We have people sitting on those committees. So we are doing that type of thing and promoting and then bringing the information back to our members and letting them know what is happening.

Mr Waters: I just got the high sign because there are other people who want to ask questions.

The Chair: We thank you for your questions and the insights you have provided this committee on the issues.

Mrs Fawcett: I just want to commend you for your excellent presentation. Certainly from my point of view I think you are right on with everything you have said, especially with the teenagers and that eternal problem. As I said once before, I think they maybe go brain-dead for a while there until they are back to being—

Interjection.

Mrs Fawcett: I just hope everything will continue on a positive note when the bill gets passed, hopefully, Mrs Cunningham. Interestingly enough, I noticed that on a cereal box the whole back of it was on bicycle safety. Number one on the list of recommendations was to always wear your helmet. That suddenly got me thinking that maybe we should be going after some corporate people too, once this bill passes, to help promote. I am sure they would, because it is already being done in a small way.

Mrs Cunningham: I have to say that all three of you should be very nervous because I think there are a few others sitting around this table who started our careers—I know I personally did—as the president of a home and school association. I never wanted to be the president of the home and school association, but I was one of four people at a meeting and my name was drawn out of the hat. That is how I got there. Then I got annoyed and got on the school board and then again got annoyed and came here. None of which I ever had any pre-plans for, but it all started in caring about my own family and my community.

I have to say that this is probably the most inclusive, well-put-together presentation we have had. It addressed every major issue. This is a major thing to get the Ontario Federation of Home and School Associations to pass these resolutions. A lot of work goes into this. Myself, having put resolutions before the floor—it seems like 100 years ago now—however, I just want to thank you. If we had to have support from one group that meant a lot, I think to all of us it would be yourselves. Your time has really been well spent. The resolution about the CSA was the question of the deputy just before you. The Deputy Solicitor General did not know that the CSA would be—I have not checked with my colleagues but I think we probably would have said CSA, given everything we have heard.

We have tried to get the experts. You are ahead of us on that one because some of us thought we knew, but we

heard it. Then the fact you are prepared for the legislation means a lot to us because we have heard from other groups of parents, active groups as yourselves.

I do not have questions; I just wanted to thank you sincerely for being here and to let you know that this probably will not be the end of your work. We expect to see you again in many ways.

Mrs Hill: We would be delighted.

Mrs McGuire: Just keep having committees and we will come.

Mrs Cunningham: Great.

The Chair: I speak on behalf of the committee when I thank all of you. It is incredibly important that people from communities across the province get involved in the legislative process. I think all of us feel extremely strongly about that. You people have demonstrated how effective that participation can be.

Thanks to the Ontario Federation of Home and School Associations Inc. Thanks to each and every one of you. You have travelled, in the case of two of you, from Hamilton and from Etobicoke. At this time of night one might as well be the other because of the traffic you are going to encounter on your way back home. You have been very effective in your participation. I trust you will keep in touch with Mrs Cunningham or Mr Dadamo who is the parliamentary assistant to the Minister of Transportation or your own MPP to be advised how this legislation progresses. If you have anything further to say about it, let us know. Have a safe trip home. Take care.

That completes the committee for this afternoon. We are coming back on Wednesday at 3:30 promptly. There is a brief subcommittee meeting following this meeting to which everybody is welcome.

The committee adjourned at 1825.

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Standing committee on resources development

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Amendment Act, 1991

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Première session, 35^e législature

Journal des débats (Hansard)

Le mercredi 18 décembre 1991

Comité permanent du développement des ressources

Loi de 1991 modifiant
le Code de la route



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday 18 December 1991

The committee met at 1610 in committee room 1.

HIGHWAY TRAFFIC AMENDMENT ACT, 1991 LOI DE 1991 MODIFIANT LE CODE DE LA ROUTE

Resuming consideration of Bill 124, An Act to amend the Highway Traffic Act / Projet de loi 124, Loi portant modification du Code de la route.

The Chair: Our apologies to people who have been waiting. The proceedings in the House were lengthier than they usually are for some good and not-so-good reasons, and people obviously are inconvenienced. We apologize.

CITY OF TORONTO DEPARTMENT OF PUBLIC HEALTH

The Chair: We would like to commence with the city of Toronto department of public health.

I would remind committee members that it is all the more important for them to be here promptly when we are delayed like this.

Ms Wheeler: Thank you for the opportunity of being here. My name is Dorothy Wheeler and I am the school health consultant for the city of Toronto health department. As such, I represent the city of Toronto on the Bike Helmet Coalition. I believe you have already met some of my colleagues from that coalition.

In the health department we have been quite active in promoting education around bike helmet safety and bicycle safety per se, so we welcome this opportunity to present some of our reasons for the interest in this topic, primarily because in Ontario each year 15,000 children need medical attention because of bicycle injuries. Fifteen hundred of these are severely injured and at least 15 children die.

As members of the Bike Helmet Coalition, the city of Toronto and other health units in Ontario have been involved in providing public education programs to children and their families about bike injury. From this we have learned that bike helmets do reduce the severity of trauma. Research shows that head injuries are the major result of bike accidents and bike helmets can reduce that severity by 85%. I am citing Rivara's research and some from Quebec by Farley.

Mandatory wearing of bike helmets would increase the numbers being worn. We have learned that children will wear helmets if their peers and parents do. Unfortunately, at this time only 3% to 5% of children wear them. After one bike fair at a Toronto school, we did a follow-up survey and it showed that 80% of parents who responded supported mandatory legislation. We are committed to supporting activities that promote bike safety and prevent severe trauma caused by bike injuries.

The high cost in human suffering requires that we support this legislation. The efficient stewardship of health

care dollars also demands that we require bike helmets for cyclists. Complications of children's education increases tremendously and the cost of special education and rehabilitation is extremely heavy.

We recommend that Bill 124, which requires cyclists to wear approved helmets when riding on roadways, be passed, and we would also recommend that helmets meet the CSA standards. We recommend for public education and awareness that there be established a division for cycling within the Ministry of Transportation with the responsibility of addressing cycling issues: updating traffic regulations for example, and to provide sufficient funds for public awareness campaigns and promotion of helmet wearing and safe cycling.

We also recommend that the accessibility of helmets be assured by ensuring funding is available to assist low-income cyclists and to provide funding for helmet loan pools for schools, recreation centres, etc. There would need to be some assurance that helmet manufacturers could meet the demand and an assurance that retailers would train their staff on how to fit a helmet.

In considering why they should be worn, I think we have to consider that cycling is a popular sport for health and recreation, second only to walking. In fact, more bicycles than cars are sold in Canada. It is an attractive mode of transportation; it is inexpensive; it is easy to maintain and readily accessible. I was very glad of my bicycle when the TTC was on strike because I pedalled to Yonge and Dundas from Etobicoke. It promotes physical fitness and gives young people without cars a degree of autonomy.

The downside is that death and injury do occur. Research in Quebec has shown that bicycle-related trauma is severely underreported because 80% of hospitalizations are due to injuries not involving motor vehicles. The bicycles using the roads can get into their own problems. Even when motor vehicles were involved, underreporting occurred. Studies of coroners' reports and hospital records both in Quebec and here at the Hospital for Sick Children/Kiwanis Trauma Research Unit show that brain and neck injuries in bicycle accidents top the list as causes of death and disability. Cyclists often sustain worse head injuries than motorcyclists who are required by law to wear helmets. There are compelling reasons to wear a helmet, so one must examine why people do not.

A 1989 US survey about possible injuries from bike crashes showed an unawareness about the possibility of an accident. Cuts and bruises were cited most often; head injury not at all. Many children thought helmets were only for racing, not for ordinary cycling. Parents questioned showed complacency; their children rode only in safe places near home.

Parents do not buy helmets because they do not think about it, they are too expensive, the children are safe

riders, they would not wear them anyway. Parents often consider bicycles are toys, not a method of transport or a danger to life itself.

In conclusion, bike helmets are like air bags in cars—they do not stop crashes but they do reduce the trauma. Helmets are not the only answer to reducing trauma. Education in biking responsibility is equally important. Children need this kind of assistance. Supervision of young riders to ensure that children under 12 do not ride in traffic is also required.

All cyclists need to follow traffic regulations and traffic regulations need to reflect the right of cyclists to use the roads. Bicycle helmet legislation is a public health issue because helmets have been proven to reduce morbidity and mortality rates. We therefore support Bill 124 to amend the Highway Traffic Act.

1620

Mr Waters: Sorry about being a bit late. I got held up on my way here. There is consensus building here in the group that we all support the bill, or the intent of the bill. There has been discussion about implementation of this law—the lead time. We have heard everything from three months to in excess of two years. What are your feelings on how much lead time there should be, should we pass the bill?

Ms Wheeler: I have discussed this with several people and in my view the education component is really critical here because it is going to be difficult to enforce. The more education, and therefore the more lead time you have, the better. If you gave me a choice, I would say two years.

Mr Grandmaitre: I read your report which shows that 80% of parents support mandatory legislation. How come these 80% do not buy helmets?

Ms Wheeler: I think it is ignorance, actually. We feel—I have to include myself in this one—that when you educate people about the importance of it they are very anxious to purchase a helmet. I heard a story about coupon distribution where you mailed a coupon to California. Very few people in the United States availed themselves of this opportunity, so they thought when the Canadians came on board they would have the same response. The Canadians tripled the number the Americans ordered. I think that was an indicator that people want to use the helmet when they know about it.

Mrs Cunningham: First of all, I would like to thank you very much for coming before the committee. We have had some very interesting and informative presentations. We are all much more knowledgeable with regard to this piece of legislation. We think we might have an advisory committee because there is so much information. I wonder if you might do something for us: On page 2 of your brief you talk about establishing “a division for cycling within the Ministry of Transportation with the responsibility of addressing cycling issues; eg, updating traffic regulations.”

I wonder if in your work you might have some of the regulations you are concerned about, given the work you have put into this pretty specific brief, that you could draw to our attention—some of your concerns in the regulations now.

Ms Wheeler: I think the concern we have is the need for recognition that the bicycle is a vehicle and subject to the same regulations traffic has. I believe there are a lot of violations people are not really aware of. More than traffic laws not being present, I think it is traffic laws not being observed. We all need to learn more about them and how they apply to cyclists.

The Chair: Ms Wheeler, I want to thank you very much. I am speaking for the whole committee when I tell you we appreciate your interest and your attendance here this afternoon. Mrs Cunningham, who is the author of the bill, I am sure would appreciate your keeping in touch with her, and Mr Dadamo, who is the parliamentary assistant to the Minister of Transportation, similarly. Take care. If there is anything more we can do by way of information, feel free to get a hold of us.

Ms Wheeler: Thanks for the opportunity.

AUDREY VOICE

The Chair: We have Audrey Voice. I should mention to people there is coffee and fruit juices.

Mr Cleary: Orange juice.

The Chair: Orange juice, yes; a little bit of cross-border shopping there, but Lord knows sometimes it takes dynamite around here—

Mrs Cunningham: It certainly takes more than Kormos.

The Chair: I have been a voice in the wilderness on this issue of orange juice instead of made-in-Ontario fruit juices. It is beyond me why I cannot get through to some of the people around here. Ms Voice, please go ahead.

Ms Voice: As one of the members said, there is a consensus around the table that this is a good idea. I guess it is minority opinion coming in here and saying I am not convinced it is a good idea. I thank the committee for the opportunity to appear here today.

When I first read newspaper accounts about the introduction of Bill 124 I wrote to Mrs Cunningham expressing my concerns about this legislation. I have provided extra copies of that letter for distribution to you. I also wrote a similar letter to Mr Grandmaitre, who is my own MPP. My reaction was that of a person who has cycled for basic transportation most of my life, has thought about wearing a helmet but has not yet done so. I am on the road virtually every day year-round and I do not see it as a particularly dangerous way to live.

I subsequently reviewed the speeches in the Legislature and looked at some statistics provided by the Ontario Head Injury Association, and while this instilled in me that this can be a dangerous world for your head, I think bicycling is still a relatively safe activity compared to the other ways you can injure your head.

We are told 17,000 to 19,000 people will suffer a head injury this year in Ontario. Half will be in motor vehicle accidents, 21% in falls, 12% in assaults and violence and 10% in sports and recreation. Assuming cyclists are included in the latter category, 90% of head injuries occur in activities unrelated to cycling or sports. With motor vehicles causing fully half the head injuries, I wonder if making helmets

mandatory for drivers and passengers would be more appropriate. Where are the most injuries? Is that the greatest danger? That is where the biggest number is. Is that the group you should be targeting?

When I watch tobogganing, downhill skiing, runners going past me on the bike paths, the considerable speed of those with in-line roller skates, figure skaters doing triple overhead twist lifts seven feet above the ice, it strikes me there are a lot of human endeavours that have a potential for head injury. People get head injuries diving or being thrown from a horse. I question whether putting the entire cycling population of Ontario in bicycle helmets is the appropriate focus.

While many people will spend hundreds or even thousands on a bicycle, the biggest sellers are those in the \$100-\$150 range, your basic bike. A lot of people are riding cheap secondhand bicycles or bicycles purchased at a police auction for a few dollars. If you are looking at a \$20,000 car with a few hundred extra for additional safety features, it is a comparatively small price to pay. If you buy a used bike for a few dollars and then have to spend \$30 to \$75 for a helmet, it ups the cost considerably. While \$40 or so may be a small price to pay in absolute terms for prevention of a head or brain injury, bicycling is generally regarded as an economical activity or mode of transportation and the cost of a helmet can be relatively high compared to the cost of the bicycle itself.

Any safety measure is of course to be encouraged. However, I think that in order to make such a measure mandatory, one has to look not just at will it prevent injuries but is this a significant risk and could injuries that have occurred been prevented by wearing a helmet.

We are given a statistic that 93% of Ontario children ride a bicycle. I do not have a statistic of how many of Ontario's nine million people that would include. We are told 15 children get killed in bicycle accidents in Ontario each year; 75% die of head injuries. Would mandatory bicycle helmets have saved the lives of those 11 or 12 children?

I can recall newspaper accounts of three cyclists killed in three separate accidents in Ottawa. All went under the wheels of a truck. I can also recall an accident on Queen Street West here in Toronto where a cyclist was crushed under a streetcar. I have no information as to whether the cyclists were wearing helmets, but I think one can safely assume that if you are crushed under a truck or a streetcar it is going to take more than a helmet to save you.

Another statistic used during the debate was that 75% of accidents are caused by rider error. I see adults who should know better going through red lights, weaving in and out of traffic, kids riding with no brakes. People really do some stupid things. If one has the desired objective of making cycling safer, there are a lot of different areas one could look at besides helmets.

As telling as what injuries resulted might be the answer to the question, how did this accident occur? In recent years there has been a fashion for the BMX bicycle. Kids intentionally flip up the front end of the bicycle. If the bicycle flips backward, of course the potential for head injury is greater than if you keep both wheels on the ground.

I remember, for example, a visit by one 14-year-old boy in my neighbourhood who came to me asking if I could repair his bike. He had no brakes and had run into a wall. He emerged unscathed but his bicycle was a write-off. I think it more important to ensure a child has functional brakes on a bicycle than wearing a helmet on a mechanically unsound bicycle. This is something I really see a lot of, especially among children. The bicycles are in very poor mechanical condition.

1630

For bicycle racing, bicycle couriers and police bicycle patrols one usually sees riders helmeted, but that sort of thing has its problems too. There was one incident I thought rather amusing. A police officer went into court, as police officers sometimes do, and was dressed in bicycling shorts, an open-necked shirt and a helmet—police issue stuff—but the judge said to the police officer, "You don't come into my court dressed like that," and sent the police officer out to change.

For the ordinary cyclist riding along at five to 10 miles per hour in low traffic situations with the bicycle in good mechanical order, I submit there is a not high risk. Australia and New Jersey have recently passed laws making bicycle helmets mandatory. I do not believe there are yet statistics to show whether the number of head injuries has been reduced. I think we are all influenced by our life experiences. I hope I am not being naïve in that I have had the good fortune to never have injured my head while cycling. With me it always seems to be knees and elbows, but in the ordinary wear and tear of life there are a lot of ways to get injured. We should all try to do what we can to be safer in our home, workplace and on the road.

When I look at statistics of how head injuries happen, including 17,000 kids falling out of shopping carts, there are certainly a lot of ways to injure your head. If the Legislature is looking at this in order to pass a public safety law regulating a particular activity, I think you have to identify that activity as being hazardous and be satisfied that the particular safety regulation you are passing to deal with it is the most appropriate way to significantly reduce the hazard. I have some doubts as to whether bicycle helmets are the most appropriate focus in reducing head and bicycle injuries.

Mr Grandmaitre: A survey was conducted in the National Hockey League before helmets became mandatory and a survey was also conducted once the legislation or the rules of the game were changed. It was said that once the helmets became mandatory in the NHL, it invited more violence. People were using hockey sticks like an axe or whatever, and more injuries were being caused. Do you think that by introducing this mandatory equipment on a cyclist people would become more reckless and take more chances?

Ms Voice: I certainly hope not, because I think people are far too reckless now. Unfortunately some people just do not seem to use common sense when they are riding their bicycles.

Mrs Cunningham: We have had witnesses before the committee who have not been in support of the legislation. We really welcome all points of view, because as you said

in your letter, or as you said today, initially you were not certain about this legislation. We were not either, by the way. When we first thought about it, we knew that there was a tremendous need, given the statistics and given the people who work in trauma units. That definitely was the thrust of physicians, nurses, parents of the head-injured and the Head Injury Association of Canada, but the list has grown in support. We have learned a lot in this committee about the need for this legislation. Although we have not decided, there seemed to be a consensus. We wanted to be appropriate. You have given us some of your concerns and some of your ideas about what we ought to be thinking about as we move forward.

I wanted to ask you about a thought I had as you were speaking. You were talking about how this may be one of the ways to reduce hazards—I think you said that—and that there are other ways to reduce hazards. Perhaps you could respond to this. People appearing before this committee have made it very clear to us that we have other problems with regard to bicycle safety, and public education has been and is a very real concern. I just wonder how you feel, with this pending legislation, we should move forward on the public education part.

Ms Voice: There is a bicycle policy review going on right now. I have written to them as well on the broader question about roadways and regulations and so on. In countries such as China, where the number of bicycles vastly outnumbered cars, they set aside separate roadways for the bicycles to keep the vehicles and the bicycles separated. That might be something we want to consider down the road with new road construction.

Mr Dadamo: It looks like we could sell you a Filter Queen, but not the possibility of this legislation. Thanks anyway for being here. If you could save one child, would it make a big difference to you? Would the legislation look attractive to you if we could do this?

Ms Voice: It is very tempting to say yes, because one does not want to diminish the value of a single life, but if you look at a few children in a population of millions, there are probably a lot of things by which you have a one-in-a-million or even a one-in-500,000 chance of being killed.

Mr Dadamo: I notice too, with all respect, that you throw statistics in. I appreciate that, but it would cost a lot of money to keep a person in hospital after having had a head injury, the lifelong costs there would be.

Ms Voice: I certainly think protective equipment is a good idea. It should be encouraged, but I do not think it is such a great risk that you need to step in with regulations and force people into helmets because there is a significant danger. I do not see it as a significant danger.

The Chair: On behalf of everybody here, thank you for making a considerable trek to Queen's Park to share your view with us. One of the most impressive things has been the response of people across the province who are prepared to participate in this process. We are gratified by that response. The debate will go on for some time yet before there is a third reading and legislation, so there is an opportunity here to influence and affect what the eventual legislation is. We thank you for your interest, for the well-

prepared submission today and invite you to keep in touch with your own MPP, with Mrs Cunningham, who is the author of the bill, and with Mr Dadamo from the Ministry of Transportation. Take care.

1640

METROPOLITAN TORONTO POLICE FORCE

The Chair: Now we have the Metropolitan Toronto Police. There is an exhibit that will be available to members of the committee, a well-packaged résumé of a whole pile of information. If you would please begin, sir, try to spend no more than maybe 10 or 15 minutes with your comments, leaving us time for questions and conversation afterwards.

Mr Andrews: By way of introduction, I am staff sergeant John Andrews of the Metropolitan Toronto Police Force. I am the co-ordinator of safety education for our police force. I am also here representing the Ontario Traffic Conference; I am on the board of directors. Of course, I am a concerned parent.

I would like to read to you a document written by our safety officers' committee for the Ontario Traffic Conference back in 1985. There has been a great deal of concern, investigations, recommendations and resolutions submitted by the safety officers' committee of the OTC. A great number of these were as a result of bicycle operators' lack of observation of our traffic laws, with a percentage of these violators being involved in accidents. Add to this the number of cyclists involved in other collisions and the number of injuries could be shocking. In fact, it is. The increase in bicycle violations and accidents has become a centrepiece and a priority among the authorities and this priority is definitely warranted.

The psychology of an individual has a great deal to do with that individual's attitude towards his vehicle, the laws governing that vehicle and his attitudes towards respecting the law while operating the vehicle. Although we must never cease or slow down but intensify our educational programs on bicycle safety, we must also expand and implement selective enforcement on the bicycle violator, regardless of the age, beginning with the youngster who must operate on our roadways.

The age of a driver to comprehend our traffic laws seems to be 11 to 12 years of age. The ages of the highest bicycle accidents today are that group between 16 and 35 years of age. The attitude of this age group regarding the bicycle is that it is a toy and not related to traffic, nor does the operator need to observe traffic laws. The size of the bicycle still has a great bearing on the operator's risk factor to having an accident and the lack of proper control.

We see that parents today were those operators back in the 1970s and 1980s and what they are doing is being the role models for our children of today. They did not wear helmets then and they seem to be the ones who disagree with the helmet-wearing of today. However, we like to think that a bicycle is not a toy and that in this day and age it is not impossible to time a 10-speed cycle being operated on a municipal or a regional road at speeds of 50 to 60 kilometres per hour.

With the age of exercise having a prominent role in cycling and the high cost of fuel, the mode of transportation has been the cause of bicycle increases on our roads. If you add to this today the increase in the elementary school population, you have a bicycle mania. These drivers have every right to be on the road, with no need for driving tests or an operator's licence. For this reason alone, the need to intensify the educational aspect of bicycle safe-driving programs and to seriously reassess the resolutions put forth on bicycle operations on our roads throughout Ontario is vital. That includes mandatory bicycle helmet legislation.

It is imperative that the proper authorities, like this group here, who certainly have sufficient information and data and resolutions from various committees, take this mandatory bicycle legislation and begin making it a law. Having done so, the operation of our highways will be greatly reduced when it comes to violations, injuries and death on the road. As an organization, the Metro Toronto Police Force believes strongly in the legislation. As a member of the OTC, I represent it and it also believes strongly in the legislation. As a parent, I believe strongly in the regulation and what you are attempting to do.

The problem is the method by which you will be able to do it. Even today, when the bill was passed in February, Bill 219, that allowed police officers the opportunity to stop violators who are now riding a vehicle and committing an infraction of the law, it is only now that we can in actual fact issue a provincial offences ticket. That is one issue that has now been looked at.

What do we do with the child who is under 12 years of age? How do we deal with that individual who is a cyclist? Where do we take the individual who is between the ages of 12 and 17 to court, to have him pay a fine if he is not wearing the helmet? So these are some of the major issues in terms of enforcement that we have to look at. We are quite willing to enforce any of the laws brought down under the Highway Traffic Act because, as Sir Robert Peel once said, "The community are the police and the police are the community." So therefore whatever legislation you see fit, having researched it, we are quite willing to enforce.

We are well aware of, and for the last couple of years in our educational programs in the schools have been promoting, helmet use. The reason we have been promoting it, even though it is not mandatory, is because we believe that it can in fact save a child from injury. A lot of our statistics relate to injury accidents. So far in 1991 we have only had one death involved on a bicycle. However, in the package you will receive, you will see that we have had a great number of accidents. Part of that package is a report for 1989 and 1990.

However, to bring you up to date on 1991 statistics, as of today: In the age group up to 5 years of age, there have been 372 injuries involving cyclists; in the age group of 6 to 15 there have been 1,067 accidents involving injuries; the age group 16 to 35, 8,351; the group 36 to 55, 4,127; the group 56 to 65, 1,019; and 66 and over, 780. Those are injuries that have been reported as a result of an accident.

We know as a police force that many injuries take place that do not involve anything other than a cyclist

falling from his bike, possibly striking his head and going to the hospital and, as a result, the police are not called to take an accident report.

A helmet worn by a child that is properly fitted and follows the standards that we hope will be instrumental and implemented at the same time as CSA standards or ANSI standards hopefully could prevent a child from striking his head and having to go to the hospital to get sutures to the head, or prevent serious brain damage. This is imperative. If we can do that, then we have done what we are required to do in a preventive role with respect to operation of a bicycle.

There are a number of other things that certainly have to be addressed, and those are consumer education, helmet cost, being able to adequately enforce the law, and certainly an adjustment phase, because as we all know right now, if tomorrow you made it mandatory there are not enough helmets available for the people to make use of, so you do have to look down the road for a period of time.

Once you make the decision to make it mandatory, then you have to look at what we in the police force call a selective traffic enforcement program, which deals with three major components. One component is being able to educate the community that the law is now in effect and that we now have to comply. Once that component is completed, we then have to look at the enforcement side of the issue. The educational component not only comes from media representation but comes from other organizations that are involved, such as cycling organizations, the police forces, the health organizations, all of which will promote and certainly make other people aware that the legislation is in existence.

I would like to leave time for you to be able to ask questions, so I think what I will do is just leave it at that and hopefully be able to answer any questions you may have.

Mrs Cunningham: I would really thank you very much for coming before the committee. I can tell you right now we are going to be counting on you in the next few weeks, because we think we will probably have an advisory committee. There are so many issues that have been raised by people who have come before this committee to give us the best advice they can. We were really looking forward to your remarks in particular. We were a bit concerned about what you might say, but obviously I am pleased with your recommendation.

We ourselves have been concerned about the costs. We have had some good advice on the time frame, the adjustment phase that you have also talked about. Our hope is that helmets could be produced and manufactured in Ontario if we gave enough time, a year or two lead. We have been told by the president of the Canadian Standards Association that that would be possible, and he has actually given us numbers and prices we could look forward to, which we will share with you.

When you started to talk about the selective traffic enforcement program, we are happy to hear that, because we have not heard positive things about enforcement of the laws we now have, but we have heard responsible things. You started with education and I wonder if you would perhaps tell us the other phases.

1650

Mr Andrews: It is written, but I will relate it. Some of the important sides of this are that in order to educate effectively you not only have to educate in the school programs, you also have to educate the broad side of the community, which means that you have to be able to provide funding. The police will require access to be able to promote within the newspapers in their community and by billboards and signs. Those things must be able to be made available. I personally feel that through the ministry—and Mr Dadamo would hopefully agree that there must be a department within the ministry that would solely look after cycling as a vehicle under the Highway Traffic Act and that department would be there and would look after all of the media that would have to be put forth, any correlation and gathering of facts and, in particular, the preparation of documents to be issued to the community with respect to the law and not only proper cycling methods.

Mr Grandmaitre: Are you representing the Metropolitan Toronto Police or are those your private comments?

Mr Andrews: No sir, I represent the Metropolitan Toronto Police here.

Mr Grandmaitre: Has your police association or your police services board ever looked into the possibility of promoting, through your association, this kind of legislation?

Mr Andrews: Not that I am aware of.

Mr Grandmaitre: How come?

Mr Andrews: Not that I am aware of, in terms of promoting the legislation. We, as an organization, are subject to the rules and regulations that are put forth by the Highway Traffic Act. The Ontario Traffic Conference is an organization that is put together to look at the act specifically and to make recommendations through resolutions. As an officer and in fact a past chairman of that committee—I am now on the board of directors—we look at all of this and we do submit resolutions to the minister with respect to changes in the act.

Mr Grandmaitre: Was that resolution ever introduced?

Mr Andrews: Quite honestly, I would have to go back and have a look. I am not aware. Mandatory helmet legislation has not been introduced in the last four years. We have been very busy dealing with a lot of the other areas of the Highway Traffic Act and, in particular, Bill 219. That was our big one.

Mr Grandmaitre: Mr Chair, can I ask Mrs Cunningham a question?

The Vice-Chair: Certainly.

Mr Grandmaitre: Has the Association of Municipalities of Ontario been consulted on this piece of legislation?

Mrs Cunningham: To the best of my knowledge, I do not think so. The way we dealt with this was not to particularly ask anybody. The people who have come before this committee have come voluntarily. We advertised extensively about the hearings, but we were very concerned that we not be perceived as inviting guests in one way or another. We informed people about the hearings if

they had been in touch with us. Through a meeting at the Hospital for Sick Children about three weeks ago on this issue of bicycle safety, anybody who was there was encouraged to appear before the committee by the organizers of that. But other than that, we did not reach out. You have a very good point. Perhaps, at least when we have our advisory committee, anybody who has been missing whom we need to hear from, I think we should do that.

Mr Dadamo: I will be brief, too. Thanks for coming. We have been talking about having someone like you from your division here, and we really appreciate it. We know that the Metro police have established a cycling arm of the force.

Mr Andrews: That is correct.

Mr Dadamo: Of course we are excited about that. It looks like you are already set up and have people out there should we proceed with some sort of legislation like this in the next little while. Could you maybe tell us a little about this cycling group and how well it performs for you?

Mr Andrews: That also was in your package, but primarily the objectives of our bicycle patrols are: to be seen in the high-crime areas; high-profile policing examples are Harbourfront, Toronto Islands and the Exhibition areas; assist the Toronto City Cycling Committee in establishing their regulations; establish education for all drivers; conduct bicycle spot checks; provincial and municipal law enforcement on major downtown routes to relieve traffic congestion; patrolling of parks and laneways to assist officers on foot patrol, and at the housing projects; tagging and towing on the rush-hour routes and, of course, enforcing the Highway Traffic Act and the Narcotics Control Act and the bylaws.

This group was established and provided with a uniform, a white bicycle helmet, a regulation-issue summer shirt, black shorts, etc. We obtained 33 mountain bikes equipped with water bottle, rechargeable light systems for their lighting package and lockable plastic boxes that sit on the back of the bike.

The officers involved in this program took a report in August 1990 and it was reported that there were 33 bicycles and 94 officers. I did a quick calculation on that and called back the areas that were involved. We have 11 Division, which is central; 23 Division in north Etobicoke; 41 Division in Scarborough; 52 Division, which patrols this area; 53 Division, which is directly north; 55 Division, which is east. I came up with 151 officers who in actual fact were doing bicycle patrol inasmuch as the bikes, although a small number, were being shared by different platoons.

We ended up with quite a high number of officers who wanted to be involved. These officers feel they are a role model for the cycling community. The officers from 52 Division have currently taken the Can-Bike courses and are almost in a position now where they can be instructors. They are just waiting for phase 2 to be completed. The other officers are eager to be a part of the program.

The enforcement they are doing right now runs the full gamut, but in most cases they are stopping cyclists who are violators. They are dealing primarily with the downtown core, with couriers, but anyone who takes his life into his own hands to ride through a red light or a stop sign. One of

the problems we foresee—this could be construed as a personal implementation here—but when you have parents who take their children for a drive on the bike on the weekend, they take the lead and they are the role models. The younger children do not necessarily understand that Dad has already done all the things he has to do to perceive that there is no traffic, that nothing is going to interfere. Consequently, he goes through the stop sign. The rest of the family continues along with him. Now the children have the perception that it is okay to go through a stop sign. The next time they approach that sign, if they do not do the things Dad did, we could have an accident and it could be serious.

The Vice-Chair: Thank you for coming before us today. If we get into this advisory group, I hope you and the Metro police will assist us in every way possible on that, because we need your expertise and knowledge about what is happening on the streets. Thank you once again for coming before us. We will definitely take your points of view into consideration.

Mr Andrews: We will be very happy to be a part of that committee.

1700

ANDREW McCAMMON

The Vice-Chair: The next presenter is Andrew McCammon. Please go through it at your leisure and leave time for some questions at the end.

Mr McCammon: My understanding is that we have 15 minutes. Is that correct?

The Vice-Chair: Yes.

Mr McCammon: That is not a difficulty. I intend to be very informal. I have given a two-page letter to the clerk which she will distribute to each of you. Perhaps you can read that at your leisure. I am going to keep my comments informal today.

I am both an environmental consultant and an avid cyclist. I feel there are tremendous overlaps in those interests. Clearly we need to do everything we can to reduce CO₂ emissions. We also need to do everything we can to ease traffic congestion and make cycling safer.

I currently have a number of proposals with different cycling bodies in the province. I have a major proposal with the Toronto City Cycling Committee to ease rush-hour congestion through an innovative cycling proposal.

I am the volunteer adviser to the chair of the advocacy committee of the Ontario Cycling Association and I am a member of Vélo Québec. That is really a very big interest and why I am here. I do not know if the members of the committee are familiar with Vélo Québec. It is a quasi-provincial body in Quebec. For \$15 a year you purchase \$1 million of third-party liability, \$5,000 worth of foreign travel and emergency expenses and access to legal counsel should you be involved in a vehicular incident in Quebec.

I have been suggesting since I moved to Ontario two years ago that we really need some similar entity here in Ontario. Obviously, the medical and legal situations normally run their own course. The \$1 million in third-party liability is extremely interesting. If you were ever doing 48

kilometres down a side street—within the legal limit—and somebody stepped off the curb with a baby carriage, you would perceive the instant need for \$1 million in third-party liability for cyclists.

I think this current proposal is an extremely good one. Unfortunately, I am not sure that it addresses what I perceive to be the real problem with cycling here in Ontario, specifically Toronto. That problem is one of visibility and proprietorship of the roadway.

What I end up proposing in my letter and in this presentation is that the proposal for a helmet law is fine as far as it goes. What I would like to see is a highly visible sticker that people would purchase being mandatory on that helmet. For the purchase of that sticker, people would have the insurance and the right to the roadway.

I am going to give you a little story and tell you why. I believe drivers should not be categorized. They are not all mean-spirited or poorly educated. However, drivers are highly trained to signs. The problem with cycling is that it is not a sign. If you see somebody on a cycle, you figure: "That is very delicate. I'm going to have to slow down and go around this individual." The cycling community has taken the issue of visibility on the road extremely to heart and over the last years has adapted tremendously with respect to cycles, the colour of cycling, reflective gear, cycle clothing. Anti-rape whistles work really well if a taxi is about to pull out in front of you. Also, visibility is both audio and visual.

Several years ago, something happened to me. I was struck by a car. This is not a horrible huge story or personal bias, but as a result of that I purchased a \$4 sticker. It was on a 14-inch flexible, plastic flag post which comes off the rear fork. This thing bobbles as you go along. It has a little red flag on it. I would have paid \$400 for that had I known what it was going to do for me. Cars go about four to six feet around me. It is absolutely astounding. I can be cycling on a rural, two-lane roadway with oncoming cars and if somebody comes up behind me, I put out my hand and the car slows down, waits for the oncoming traffic to go and then passes me. I really believe drivers are trained to signs.

My feeling is that we need a strong declaration that cyclists have a right to the roadway, that they have paid for that right and that they, like automobile drivers, have insurance. What I would like to see, therefore, is this committee consider not just helmets being mandatory but that helmets should have a sticker on them. The sticker would change colour every year. People would be required to replace that sticker between the months of January and April, or whatever you wanted. It would establish or mandate a provincial entity similar to Vélo Québec to manage a cycle insurance fund.

That is basically it.

Mr Kormos: I am intrigued by your comments about the insurance scheme operating out of Quebec and by your proposal for what sounds remarkably like a public auto insurance system. I am sorry. In the Newspeak of this government we cannot talk about public insurance. It is no longer a reality.

You raised, though, an interesting dilemma. If a cyclist hits a pedestrian, that pedestrian is entitled to look to that cyclist for complete compensation for his or her injuries. If a cyclist is hit by an automobile, however, the cyclist is precluded from looking to the bad driver who hit him for full compensation, because of course that cyclist, although he may choose never to get involved in the world of internal combustion engines, is drawn into the scary world of no-fault by virtue of being a victim of an internal combustion engine.

You seem to have a very good understanding of what third-party liability means as compared to no-fault or first-party liability. What would you do in terms of age restrictions? The police officers spoke about people under the age of 11 and 12 not being capable of comprehending rules of the road. How would you deal with that, access to the roadway by bicyclists? You are saying there should be something tantamount to licensing them. What would you do—

The Vice-Chair: Please, Mr Kormos.

Mr Kormos: Gotcha, Mr Chair. What would you do about the bottom-end age limit?

Mr McCammon: The answer there is very formulaic. These ideas need to have input from a lot of different sources. Where I am in my proposal is that for families where you would be purchasing for more than one person, there would perhaps be a subsidiary sticker for the child. Clearly at some age the child is responsible, and hopefully that is at the earliest possible age, but by doing this one act, by requiring cyclists to be licensed and by having this declaration—bright orange is something drivers are going to see—you change the whole mentality of the roadway. They have a right to be there. Maybe we should put an orange sticker rather than a yellow sticker on children under six. I do not know.

Mrs Cunningham: We asked for specifics and you have done it. You are not the first person who has talked about licensing. I do not know what the consensus will be. We may have to ask you a few more questions when we really get into this, because you sound as if you have a lot of experience which will be most helpful to us.

I know where Mr Kormos is coming from with regard to the insurance issue and I can tell you right now that during a visit to the children's hospital in London, Ontario, two weeks ago on Friday, there were three children there because of injuries who will hopefully be able to use the insurance their parents have. It is up in the air right now, but the expectation is that if they do not use the insurance policies, their lives will be very different. All of these were very costly accidents. The doctors at that hospital that day were advising us that their future care has been estimated at between \$1 million and \$3 million over a lifetime. We are now talking about insurance settlements that can be invested.

We will be taking your thoughts today very seriously. They will probably be the more challenging recommendations that we have to consider, but I can tell you that both of your suggestions have been made. We have talked informally and will very seriously consider them.

Mr Cleary: Thank you for your presentation. Maybe I missed something, but I was just wondering, how is the program you are familiar with enforced? Who enforces it? How are charges laid, if there are any?

Mr McCammon: The program I am proposing, of a mandatory sticker on helmets, does not exist. As I understand your question, are you thinking that I am describing the way it exists in Quebec? Vélo Québec is simply an organization where you purchase a membership and are accorded insurance. There is no mandatory helmet law in the province of Quebec, nor is there a requirement to display insurance.

I am suggesting that we use this opportunity to address not only the safety issue. Cyclists have to do a lot of things. They have to have a bell on their bike. They have to abide by the laws of the road. I think having a helmet and insurance sticker are reasonable expectations. Medical coverage is there in the current way in which we manage that sector. Recourse to the courts is grey, but it is there. What I am suggesting is an additional ability to ensure in the mind of the driver that all cyclists, whether they be six years old and mistakenly go through a stop sign or 35 years old and a bicycle courier, be insured and have a right to be there and share the road.

I guess I am extending the analogy of my little 14-inch flag to try to make a sign for all people to realize that cyclists really have a right to be there and have to be considered. Once you have this requirement for a helmet and insurance, if the police find you in a situation, I suggest they confiscate your bike. If you are on the road without insurance in a car, what would they do? I do not see any special privilege that needs to be allocated to cyclists. We need more cyclists on the road, particularly in this city with its traffic congestion and urban smog. So make them abide by the laws of the road. If they do not have insurance, if their sticker has not been renewed, if it is not current, impound the bike.

The Chair: I want to thank you very much for a most interesting contribution to the committee's hearings. You should make a note of saying hello to Michael Weir, who is the safety policy officer for the Ministry of Transportation. He may well be able to incorporate some of your proposals. We thank you for coming, for your interest, and trust you will keep in touch with Mrs Cunningham, who is the author of the bill, Mr Dadamo, who is the parliamentary assistant to the Minister of Transportation, and with your own MPP, who can keep you updated on the progress of this matter.

1710

BRAMPTON CYCLING CLUB

The Chair: Next we have the Brampton Cycling Club. They have prepared a written submission which is an exhibit now, a copy of which everybody has. If you would please sit down, sir, tell us who you are and tell us what you will, at which point we will undoubtedly have some questions and conversation.

Mr Ormerod: My name is Robert Ormerod and I am here representing the Brampton Cycling Club.

A little about the Brampton Cycling Club: It is a vibrant club. We have approximately 150 members, ranging in age from eight to 80. Our oldest member recently undertook a Toronto-to-the-Maritimes-and-return trip this past summer, so we represent a pretty big cross-section of the cycling community.

The club appreciates the members' interest in cycling, most definitely, but feels that interest is too narrowly focused, with the accent on "narrowly." Specifically, Bill 124 addresses just one of the symptoms of cycling safety and does nothing to address the cause of cycling accidents, that is, the apparent lack of education and promotion of road safety among all road users. Further, the bill will only promote the current public misconception that wearing a helmet is the only way of preventing cycling injuries—again, the cause and not the symptoms.

Recommendations: We strongly feel the information gathered by this committee should be forwarded to the provincial Ministry of Transportation for inclusion in that ministry's ongoing bicycle policy review. I understand the provincial ministry has this review ongoing right now. It was announced about a year ago. There was a lot of opposition at the time from the Tories and the Liberal government crying expense foul, but I feel it was a wonderful decision to get the review under way. I have been in touch with David Hunt, the gentleman responsible for that review.

Concerning the recommendations, the wearing of helmets should be encouraged through education and information efforts driven by government, schools, police, the cycling trade and cycling clubs. We strongly feel that cyclists will never get the respect they deserve unless they earn that respect.

The police should enforce existing legislation, that is, lane discipline among motorists. There does not appear to be much lane discipline: Drive to the right except when overtaking, it is very simple. Cyclists riding with traffic, not against it; cyclists not ignoring traffic signs; cyclists using lights when riding at night. The law does not call for a lighted red light to the rear; it is quite basic, it just calls for a reflective strip. Cyclists' treatment of traffic rules at intersections; there do not seem to be many rules among the average cyclist unfortunately, but again, we try to earn the respect.

Governments—provincial, regional, municipal—should understand that the paved shoulder to the right of the right lane, not a bike path but a paved shoulder to the right of the right lane, would greatly increase cyclists' safety on the road. I am speaking now as an avid long-distance cyclist.

Conclusion: Cycling is only dangerous when undertaken without a proper understanding of traffic rules and principles. Education and promotion of road safety should be paramount when discussing any issues connected with accident reduction. Any legislation should not be enacted independently of the review I have just spoken about. Cycling has a tremendous role to play in governments' future transportation and pollution objectives, the so-called green plans.

A last-minute insertion by myself: Yesterday I was made aware that the provincial government, the minister Gilles Pouliot, announced to the House on December 5 an Ontario road safety organization. I feel it is very important that this committee liaise with that Ontario road safety organization, which I understand is going to supposedly be the medium to pool all issues together. That concludes my presentation.

Mrs Cunningham: Thank you for coming before the committee. I will just make a couple of remarks.

First, some of the cycling clubs that have come before this committee have shared your views and have raised all of the issues you have raised with us and, because of that, I think the committee is going to be looking at a couple of things that have made a tremendous impact on our thinking.

With regard to education, I do not think any of us, having had these public hearings, now think we can do this without the public education program that would go along with it. There would be a phase-in period, and we share your concerns about road safety. I am not certain whether we will have an advisory committee to the government, but I think we will so that we can look at what would be appropriate along education lines and certainly with regard to the regulations that would accompany the bill and maybe other amendments to the act.

With regard to the bicycle policy review, we are all aware of it. Some of us have taken part in it in our different cities. We want to support that review with these hearings and vice versa, so this whole thing will go together. We will be working with the Ministry of Transportation.

With regard to the rules of cycling and traffic safety, we ask you to help us with any public education we can do. You have been here for the afternoon and you have heard the concerns of the Metropolitan Toronto Police Force. The concerns of other groups have been just as apparent, so we now know we have to be responsible in a time frame of implementation here. The cycling clubs have been the ones that have objected more frequently than anybody; we have had a few individuals, I think just three. Some cycling clubs have been very much in support, others have not. We are taking your input very seriously.

I do not know what the time frame on this would be, but even if we look at the legislation some time in the spring, we would probably have an implementation period of maybe two years, because we feel the public has to be educated. We also feel that the helmets have to be correct and we need time to manufacture them. I want you to know that we are seriously thinking of your presentation and I thank you for being so specific. You can respond to anything I say.

Mr Ormerod: Thank you. I do not think helmets are the answer and I think you have concurred with that. If in six months' time or two years' time you say, "Okay, January 1, 1994, here are the helmets, let's wear them," there has to be something else and it has to go to the root cause.

I digress a fraction, but how can we teach the drivers on the road to drive properly if we have poor driving tests and driving licences are given with very little

thought behind them? We look on the roads today and I refer to discipline, or lack of it.

Mrs Cunningham: We think you are right on that and we are not pretending for a minute that this would be the only answer. It is a very small part of it. But there have been very strong presentations before this committee which all of my colleagues have tried to look at in a very non-partisan way. We will have to look at it, but I can tell you that the support has been significant.

You probably have a lot more to say about this than what you have presented to us. You seem like a very knowledgeable person. You just now mentioned driver's tests. What we would really appreciate is if you would think about all the examples you can give us where there needs to be some improvement, because we will be looking at regulations, we will be looking at the present act. We have been given some examples of other things we should look at and we would appreciate your giving us a complete list of some of your concerns where we can make a difference in this review.

1720

Mr Dadamo: Obviously you are very strong on the idea that drivers and people on the road with bicycles should work cohesively, should work together. There are a couple of options, education and promotion, which I think we should be delving into in the next little while. Do you think that included in the driver's booklet or when somebody is taking a road test to get their licence at a young age—if that is where we can start—there should be more information about bicyclists and how we should learn to live with them?

Mr Ormerod: Yes, definitely. There are two books, apparently, distributed at the licensing centres these days. I forget the titles of them. One is very good and was put out with the Toronto City Cycling Committee's input. The other one is abysmal. They both seem to be very current. I forget the minister's name, but it was about a year or two ago. So, yes, Mr Dadamo, certainly.

Mr Dadamo: So, in the myriad of questions in the booklet for the driver's test, should there be somewhere the inclusion of, "How would you react if—?"

Mr Ormerod: Yes, of course there has to be. There has to be a total awareness. First of all, cyclists must understand they are vehicles, not pedestrians. They have to make a choice, gentlemen: Are you a man or a mouse? Are you a cyclist or a pedestrian? Please decide first before you go on the road.

Mr Cleary: I would like to thank you for your presentation. I think five or six of the points you made will be very valuable to the committee. I know the Chairman is in a hurry, so that is all I will say for now.

The Chair: I want to thank you and your organization for your interest and the work you have put into this submission. I trust you will be keeping in touch with Mrs Cunningham and Mr Dadamo and your own MPP to be kept advised as to the progress of this particular bill, and of course the Ministry of Transportation and its overall

bicycling review process. Thank you, sir, and have a safe trip back to Brampton.

Mr Ormerod: Thank you. I will drive to the right except when overtaking.

SUBCOMMITTEE REPORT

The Chair: Mr Waters, I trust you are moving adoption of the report of the subcommittee?

Mr Waters: Yes, I would like to move adoption of the report, and I would appreciate some discussion.

The Chair: Any discussion? It is only 5:25. We are not doing this at the 11th hour. I know you may well have things to add once the report has been voted on. But this was the result of a subcommittee meeting on Monday. This is Wednesday, and any reasonable person would have expected this report to be here today because this is the last opportunity we have to meet.

Mr Cleary: Just one question: Say we had extra presentations, are we going to be allowed to add them here?

The Chair: That is up to the House leaders. Right now, they have permitted three weeks of timing.

Mr Cleary: No, I mean when we travel, is there flexibility there to add?

The Chair: At the subcommittee it was a very difficult process of squeezing, and I mean really squeezing in; the shoehorn was used to accommodate these groups. Perhaps Mr Waters wants to speak more directly to that.

Mr Waters: As I recall the schedule, there might be one place where there might even be any opening. The rest of them we literally went through and had to pare down the list. I can recall Ottawa, for one: this is probably only about three quarters of the list of people that were there. We have already pared the list down, so I do not think to add other people at this point in time would be fair. There have been people who have requested to come before the committee and we have had to say no, I am sorry, we do not have time. I cannot see how we could possibly, in all good conscience, add people that have not requested.

The Chair: Of course, there is always the prospect of a group cancelling closer to the actual time of their participation.

Motion agreed to.

The Chair: Mr Waters, you had something else to say?

Mr Waters: Yes. The one thing the report does not delve into at all is having the ministry or Ontario Hydro come before the committee. I would suggest we request they come before the committee the first morning we are doing clause-by-clause. If that is not possible because of their time constraints and their bookings, then we use up some time during the Toronto hearings.

The Chair: Mr Waters moves that the Minister of Energy and Ontario Hydro appear before the committee on the Monday of the week of clause-by-clause consideration, depending on their availability.

Motion agreed to.

The committee adjourned at 1725.

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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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First Intercession, 35th Parliament

Official Report of Debates (Hansard)

Monday 13 January 1992

Standing committee on resources development

Power Corporation
Amendment Act, 1991

Assemblée législative de l'Ontario

Première intercession, 35^e législature

Journal des débats (Hansard)

Le lundi 13 janvier 1992

Comité permanent du développement des ressources

Loi de 1991 modifiant
la Loi sur la Société de l'électricité



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
Greffier : Harold Brown

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday 13 January 1992

The committee met at 1233 in the Valhalla Inn, Thunder Bay.

POWER CORPORATION AMENDMENT ACT, 1991 LOI DE 1991 MODIFIANT LA LOI SUR LA SOCIÉTÉ DE L'ÉLECTRICITÉ

Consideration of Bill 118, An Act to amend the Power Corporation Act / Projet de loi 118, Loi modifiant la Loi sur la Société de l'électricité.

The Vice-Chair: I would like to welcome everyone to the beginning of the public hearings on An Act to amend the Power Corporation Act, Bill 118. This is our first day in Thunder Bay. This is the first time I have had a chance to see most of you since the start of the winter break. I hope everyone had a good Christmas. We have a busy week ahead of us, so without any further chitchat, I would like to call the Minister of Energy, Mr Ferguson. Do you wish to start your presentation?

MINISTRY OF ENERGY

Hon Mr Ferguson: Good afternoon. I am extremely pleased to be addressing the first in a series of hearings on Bill 118. I want to tell you that it is not only a privilege and a pleasure to be here; it is also a real inconvenience. You can laugh.

All of us in this room are taking part in what I consider to be a very healthy process. The Power Corporation Act is a key piece of legislation. It is entirely appropriate that any proposed changes in the rules governing Ontario Hydro be considered in a public forum.

I do not think we should kid ourselves: Bill 118 does contain some important rule changes, changes that will help the government to keep an important promise made in the speech from the throne in November 1990. That promise was, of course, nothing less than new energy directions for Ontario. These are new energy directions that, more than ever before, emphasize the need to control the demand for energy and reduce our traditional dependence on increasing the supply of energy. Reducing the environmental impact of energy production and consumption is another key component of our new energy directions. They recognize an equally compelling obligation to ensure that Ontario continues to have reliable supplies of energy at reasonable prices.

Bill 118 will help us achieve these goals in the following ways: (1) It will make Ontario Hydro more responsive to the concerns and priorities of the people of Ontario, (2) it will strengthen Hydro's relationship with the Ontario government, (3) it will make the Hydro/government relationship more open and more visible, (4) it will guarantee Hydro's independence in carrying out its day-to-day operations, and (5) it will make it easier for Hydro to meet the imposing challenge this government has placed before it.

That challenge is to play a leading role in the drive to make Ontario the most energy-efficient jurisdiction in North America by the end of this decade.

Mr McGuinty: On a point of order, Mr Chair: I hesitate to interrupt the minister. I am wondering—he is reading from a prepared text—if there are copies available for the committee members.

Mr Jennings: There are copies at the back which can be distributed.

Hon Mr Ferguson: Bill 118 will also clear the way for local electrical utilities to join in this worthy crusade, as I will explain in a moment. First, I would like to explain why the government believes these changes are necessary. I will begin with the issue of Hydro responsiveness, which Bill 118 addresses in two ways.

First, adding four new board members to the Hydro board of directors brings a broader range of interests and outlooks to bear on Hydro decision-making. With an expanded board, no one can call Hydro a closed club.

The bill also clarifies the vitally important question of who runs what. To start with, it leaves no question that Hydro is its own boss in the day-to-day conduct of its business. However, the government is responsible for setting the province's policy direction and Hydro has an important role to play in implementing the government's energy policy. Accordingly, Bill 118 enables the government to give policy direction to Hydro.

Some have expressed concern that this directive power will allow the government to make Hydro an instrument of social and economic policy, but this is not and never has been our intention. During this committee's clause-by-clause examination of Bill 118 I will be introducing a change to the bill, in fact a number of changes to the bill, that will put an end to any such misunderstanding. The changes will make it abundantly clear that policy directives must relate to Hydro's exercise of its powers and duties under the Power Corporation Act, and will not lead to an extension of those powers and duties.

Bill 118 also brings new clarity to the relationship between Hydro and the government. Under the Power Corporation Act, government direction to Hydro has been subject to a highly complex set of procedures and approvals. In order to get anything done at all, past governments have provided direction informally, frequently in closed sessions with Hydro management. That will change. The directive power conferred upon the government in Bill 118 creates an open, visible channel for communicating the government's wishes and needs to Hydro. No more closed doors.

To give added strength to that communications link, the bill creates a place on the Hydro board for the Deputy Minister of Energy, an individual with direct and daily access to government policy.

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Bill 118 will also make it possible for local utilities to play a bigger role in promoting energy efficiency in Ontario. It will do this by giving them the option of spreading out the costs of conservation measures by treating them as capital expenditures, not as part of an operating budget.

Local utilities are on the front line in the drive to make this the most energy-efficient jurisdiction in North America. Bill 118 unties their hands and lets them make a real contribution.

The bill also unties Ontario Hydro's hands in a very significant way. Under the Power Corporation Act, Hydro is not allowed to encourage its customers to move off electricity for space heating. It is not even allowed to advise anyone about using other forms of energy. Bill 118 would remove these impediments and let Hydro actively promote the substitution of electricity, where appropriate, with more efficient and, let me add, cheaper energy sources.

I expect that Hydro, in developing its approach to fuel switching, will consult closely with its partners. I am thinking in particular of the municipal utilities, the gas utilities, propane and oil companies and environmental groups. These discussions will be important. They will ensure that the criteria and financial mechanisms for implementing fuel switching take full account of the impact on all those involved.

I am confident that fuel-switching programs supported by Hydro will stand up to scrutiny and will be in the best interests of the electricity system, the economy, the environment and indeed the people of Ontario. The consequences will certainly be far-reaching. Hydro estimates that fuel switching will save between 870 and 2,100 megawatts by the end of this decade. It might help you to understand these figures if I point out that the saving would be equivalent to the output of between one and three Darlington-sized nuclear reactors. That is without question a real savings.

There will also be savings for the consumer. The cost of natural gas for space heating is about one third of the cost of electricity. Oil costs about two thirds of the electricity cost. Let's say you live in a typical two-storey detached home. Over the life of that home you could save as much as \$15,000 by using gas instead of electricity for space heating. You would save \$7,000 by using oil. With numbers like these I do not think there is much doubt about where consumers would stand on the question of fuel switching.

Fuel switching is also good news for the environment. For the most part, it will mean using natural gas in place of electricity that has been produced through coal-fired generation. As you know, natural gas is clean-burning relative to other fossil fuels, and when it is used directly for space heating it is twice as efficient as generating electricity to provide space heating. Switching to natural gas for space heating would mean greatly reduced emissions of carbon dioxide. This of course is the gas that is getting much of the blame for global warming.

Fuel switching would also mean reduced emissions of sulphur dioxide and nitrogen oxide, the SO_x and NO_x

gases that contribute to urban smog and acid rain. I said a few moments ago that consumers are sure to endorse fuel switching. If this poor old planet of ours had a vote, without question I am sure it would back fuel switching as well.

We must remember that fuel switching is just one of the avenues Hydro is pursuing as it seeks to reduce electricity consumption in Ontario. In the course of this decade the utility plans to spend between \$5 billion and \$6 billion on energy efficiency and conservation efforts and programs. If that seems a lot of money, I ask you to bear in mind that conserving energy can be much cheaper than producing it.

Hydro plans to use a variety of measures to improve energy efficiency, including load-shifting incentives and interruptible service. These measures are expected to produce an electricity saving equivalent to the output of more than two Darlington-sized reactors. Building that much generating capacity would cost between \$6 billion and \$10 billion. Seen that way, Hydro's investments in energy efficiency are a great bargain for the people of Ontario.

This is all worth thinking about in the wake of Hydro's announcement that electricity rates have increased 11.8% this year. As I am sure you know, more than half of that increase is going towards the costs of bringing Darlington on stream; for the first time it will be costed into the rate structure. In addition, that cost is also going into repairing existing nuclear facilities. Without question, we are finally paying the nuclear tab.

The significance of fuel-switching is that it will reduce the pressure on Hydro to build more Darlings. It will also defer the need for new distribution and transmission systems. In doing so, it will reduce the likelihood of big Hydro rate increases in the future.

I am sure future generations will thank us for reducing the dollar costs of maintaining a large and elaborate electricity system and they will thank us for reducing the environmental costs of maintaining such a system.

A Hydro that is free to pursue energy efficiency with all its energies and resources, a Hydro that is more responsive to the concerns and priorities of the people of Ontario, a more open and aboveboard relationship between Hydro and the government, a more rational way of using our precious energy resources, a cleaner environment—those are the promises of Bill 118. I urge you to give Bill 118 your full and enthusiastic support.

I am sure there are no questions on this, Mr Chair, so—

The Vice-Chair: One or two people might want to make some form of comment. We have about five minutes for each party, so I will start with the Liberals.

Mr McGuinty: Thank you. I might begin by saying that I, and I am sure I speak for my colleagues sitting at this table, am somewhat perplexed and in something of a quandary regarding some of the goings-on at Hydro and the Ministry of Energy these days. I want to put a few comments on the table.

First of all, with respect to rates, the chairman and CEO of Hydro, Mr Eliesen, indicated in September that we were going to be seeing double-digit increases for the next two or three years. Just as recently as Saturday I think

the minister indicated that we will not have such double-digit increases. I am a bit confused as to what is happening there.

With respect to non-utility generators, those kinds of generating stations which are to be built by people other than Hydro, the minister and his predecessor and his government have generally indicated that they are very receptive to this idea of NUGs, as they are called, and overtures were made and encouragement offered to proceed with such kinds of projects. But now I am reading in the paper that the government will no longer permit the development of non-utility generators.

With respect to the government's directive power, more directly relating now to Bill 118, at first the bill provided that the government was to be able to tell Hydro to do virtually anything, notwithstanding that it would cause Hydro to step outside its traditional mandate of providing power at cost to the people of Ontario. Now we are told that there is going to be an amendment to the effect that government will no longer be able to issue such a directive. That is eminently sensible, but it makes you wonder about the kind of thinking that went into the original version of Bill 118, which provided that government could tell Hydro to do virtually anything.

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That was somewhat comforting, but on the other hand you have to keep in mind what happened at Elliot Lake. There, without benefit of any kind of special directive power being given for it to the government, the government directed Hydro to pay \$250 million, some of which was spent on a short-term job creation program and some of which went into paying off a couple of municipal debts. Now, apparently, we are to believe that those kinds of expenditures fell within Hydro's mandate of supplying power at cost. Again, I remain confused as to whether Hydro is in fact going to be doing what it has always been doing—supplying power at cost—and whether it is going to step outside that ambit from time to time.

With respect to Mr Eliesen's employment contract, we were originally told he would be receiving some \$400,000 for a three-year contract, which would earn him \$1.2 million. Subsequently, we were told that out of the goodness of his heart Mr Eliesen agreed to accept \$260,000 a year. We subsequently learned that was to be for a five-year contract. The end result would be that he would earn \$1.3 million rather than the original \$1.2 million, so I am confused as to whether as ratepayers we are coming out ahead or falling behind.

With respect to conservation targets, those are increasing fairly regularly and I am perplexed as to whether we actually know how much we are going to save and whether we are making the kinds of projections that are theoretically possible or, I guess, more directly attainable.

Then I understand that this very week on Thursday, Mr Eliesen, chairman and CEO of Hydro, is to make some kind of statement. I understand it is going to be to the effect that Hydro will be making a substantial amendment to the demand-supply plan which is being heard before an environmental assessment hearing, and the assessment right now is considering the need for the supply and demand for

electricity during the next 23-year period. So I am perplexed as to what is happening at the Ministry of Energy, where we are going, and I am sure the minister would be delighted to respond to some of my points.

The Vice-Chair: Would you like a response at this moment, or do you want him to—

Hon Mr Ferguson: I would be delighted to respond to those points.

The Vice-Chair: Quite briefly, then, please, minister.

Hon Mr Ferguson: I will try to do it in 25 words or less, but sometimes it is a little difficult and I think you will appreciate that.

The first point raised was the 44% increase. I have explained this in the past and I will attempt to do so again. Mr Eliesen was asked quite some time ago about whether we could expect double-digit rate increases over the next three to four years. His response to that question was quite simply this: "If we take a hands-off approach and do absolutely nothing, yes, we could expect that." However, he qualified that statement by suggesting, as I will to you today, that in fact we are not going to take a hands-off approach. We are going to make this the most energy-efficient jurisdiction in North America within the next 8 to 10 years. As a result of that, I can only tell you that no way are we going to experience a 44% rate increase over the next two to three years. In fact, the consumers of this province would not stand for it and the economy of this province would not be able to withstand such a rate increase.

It is my job to keep the rate as low as possible, particularly given the inheritance we have today. I am sure you recognize that over half the increase that has currently been passed on to the consumers of this province is directly related to Darlington being costed into the rate structure for the first time.

The second point raised was on non-utility generation. Quite simply, this non-utility generation is very much encouraged by Hydro and the Ministry of Energy. However, we are just overwhelmed by the success of that encouragement and, as a result, we have to take a moment to catch our breath and ensure we are not bringing on more supply than will be needed for the short term as well as the long term. I am sure Mr McGuinty and his friends would be the first to criticize us—Hydro, as well as the Ministry of Energy—if in fact we did so; that is, brought on more supplies than were needed.

The amendments before this committee are here at the request of both opposition parties as well as the Municipal Electrical Association, and these amendments are here to clarify the position of the government.

Two more quick points: Elliot Lake Hydro had the power to enter into those types of relationships, economic development relationships, as the result of amendments passed by the previous Liberal government back in 1989. We are not doing anything new. In fact, that relationship itself will save the ratepayers and the taxpayers of this province \$1.4 billion over the next 10 years. Finally, Mr Eliesen was hired by the previous Liberal government as Deputy Minister of Energy. Let's be very clear about that.

Mr Jordan: I too would like to thank the minister for taking time to come before our committee this afternoon. I realize the minister was not in charge at the time Bill 118 was brought in and since that time he has seen fit to make some amendments to the bill. I wonder if he could quickly run over those amendments and explain what effect they are going to have, in his opinion, on Bill 118.

Hon Mr Ferguson: The criticism levelled at the bill—I am sure the member is well aware of this—essentially was directed at suggesting that Ontario Hydro would become a social arm of the government of Ontario and develop its own social programs. I think the most often suggested example was that the government could, prior to the amendments being proposed, ask Ontario Hydro to assume the debt of the SkyDome and to assume ownership of the SkyDome.

Of course we suggested that was not the intent of the bill. The intent of the bill was to give the government of the day the power to provide Hydro with policy directives. So what we have suggested in the amendment is that Hydro would only be acting within the goalposts of energy matters.

Mr Jordan: The amendments you have just explained are amendments that are going to be subject to the changes you are also making in the Power Corporation Act. You are changing the powers of the government relative to Ontario Hydro. The question comes to my mind with Bill 118, if you look at the rest of it, whether, if you and your government were positive towards nuclear generation, if you did not have a problem with that, would you in fact leave long-term planning and policy to the people qualified to do it, rather than take it over by your ministry?

Surely you must need the expertise of Ontario Hydro in its research, in its engineering, in its technology, in its environment section. Surely you must recognize that. You are saying the only right they are going to have, after this bill is passed, is the right to run their day-to-day operations. If you think of the size of that corporation, how could any president and CEO plan and organize the running of a corporation of that size when you give him only the right to do day-to-day operations?

All long-term planning goes back to you, the minister, and the Ministry of Energy. What expertise has your ministry acquired in so short a time that you can replace the history that is over at Ontario Hydro?

Hon Mr Ferguson: Let me tell the member that in fact long-term planning for future electricity generation in the province is still with Hydro. It is Ontario Hydro that will be making its presentation—

Mr Jordan: Excuse me, it says in the bill day-to-day operations only.

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Hon Mr Ferguson: It is Ontario Hydro that will be making its presentation to the demand-supply hearings which will be scrutinized by the Environmental Assessment Board. It will not be the Ministry of Energy nor the government of Ontario. In fact, Hydro does have the experts. They are the ones who will be making that presentation, which will go a long way to deciding what the

future energy needs of this province will be over the next 25 years.

The Vice-Chair: I am going to have to step in here; time is up. Mr Huget.

Mr Huget: I would also like to welcome the minister here, as well as my fellow committee members, many of whom I have not seen since about December 20. It is nice to see all of you again.

I think there are three issues that the public is concerned with in terms of Hydro and this province. The rate increases and the speculative nature of announcements around the rate increases have been a major concern to many people. I have a three-part question I think you should have sufficient time to answer at least that.

First of all, with regard to Bill 118, what impact will it have on power rates in this province?

A second concern of many people in the general public is reliability of supply. It has been announced that there has been a change in strategy away from, at least on a moratorium basis, a nuclear strategy. In fact, I believe a significant amount of revenue has been directed to efficiency and conservation. How can we still ensure supply in this province? I think that is a major concern of the general public and in particular some of the heavier industries.

Third, the generation of power and the use of energy is an environmental issue in this province and every other province in Canada. What effect is Bill 118 having on environmental concerns of the public in Ontario?

The Vice-Chair: As quickly as possible, please, Minister. We are already going to run over, but please answer as fully and as quickly as possible.

Hon Mr Ferguson: As quickly as I can, Bill 118 will in fact ensure that we do not sit idly by or relax and go with the supply, supply, supply option and the nuclear, nuclear, nuclear option. Yes, that is why we are facing a 12% increase today, folks. I think it is about time some people finally get it. To build new supply, it costs about \$3,500 a kilowatt, whereas to permanently save a kilowatt of power today, we know it is around \$500 a kilowatt. I think the economics are fairly clear there.

Notwithstanding its proposal before the Environmental Assessment Board on the demand-supply hearings, even given its expertise and its best guess and the information it has, I have suggested to Hydro that on the one chance out of a hundred that it might be wrong, I also want to see a contingency plan put in place. I think that is important, that they are going with the best information they have.

This is a long-range forecast, but I think it is important that they have a contingency plan in the event that they just might be wrong or their forecast might be off somewhat. I think that is the most we can expect from this utility.

The Vice-Chair: I thank you for coming before us, Minister. I know you and your staff will be watching as we go on through and I understand we will be talking to you again just before clause-by-clause. Thanks for coming up.

Hon Mr Ferguson: It is a pleasure.

ATIKOKAN HYDRO

The Vice-Chair: I would like to call Atikokan Hydro to come up. When people are presenting, could they please refer to the parts of the act that they wish to make their comments on. It makes it a bit easier for the staff and for discussion purposes. Whenever you are ready, and please leave some time at the end for questions and answers, if you could.

Mr Thorburn: I would like to thank everyone for coming. I think I will address the entire group as fellow citizens interested in energy as opposed to trying to hit on everyone's title. I cannot address specific sections of Bill 118 because I did not prepare that way, if you will bear with me on that.

The Vice-Chair: That is fine.

Mr Thorburn: I would like to take this opportunity to thank you for taking time out of your busy schedules to come to Thunder Bay and meet with district 3 of the Municipal Electric Association and other people. I feel it is an excellent gesture on your part to allow the people most affected by the proposed legislation to have some input into the decision-making process. We have been left holding the bag far too many times on poorly executed legislation in the past.

I do feel that the seriousness of Ontario's energy viability into the next century is not receiving the attention it deserves. The Ministry of Energy for the past several ministers has either not really bothered to learn the fundamentals of energy in Ontario or has been unable to fathom them. I hope to impress upon you that some of the decisions being contemplated as we speak will have far-reaching implications and should receive a lot more planning than they have.

It should be noted that the economic success of Ontario has been related in part to an abundant resource of affordable, reliable electric power. I ask, did this resource happen by magic? Has it been sustained by supporting parasitic programs and being used as a tool for social conditions? I think not. It has been sustained by two basic principles: power at cost and public power.

Let us examine these two principles. From the beginning of Ontario Hydro, legislation has been in place to guarantee that electric utilities and their benefits remain the property of the people.

Power at cost means that people and industries will receive their power at the cost of production and distribution. Like any successful commercial venture, the ability to produce the product and distribute it must be factored into the cost.

There are some fundamental differences in the various forms of governmental influences that affect our lives on a day-to-day basis. Federal, provincial and municipal governments are elected from time to time and set their agendas according to their various beliefs. They set policy, compile wish lists and levy taxes or lobby for grants to support their ideals. They are not necessarily bound by normal business or budget criteria.

Utilities are by definition an industry involved in meeting a vital public need. This indicates that utilities do not

have the same luxuries that other governmental influences have. An electric utility must purchase a product, repack-age it in a form that its customers can use and distribute said product. Like any other business, an electric utility must generate enough income to sustain its plant and operational costs.

Over the past few years, both the provincial and federal governments have imposed their influence on the electrical industry by hidden and unfair taxes. I refer to an additional water tax introduced three or four ministers ago, and the GST. These taxes were accepted by both the utility industry and the general public rather grudgingly.

While I realize we cannot see where we are going by only looking at where we have been, let us look at some various marketing strategies used in the past and let us look at some of the projected results.

I believe the electrical utility industry has contributed a great deal towards our present-day energy efficiency standards. When allowed to compete in the open marketplace and while being forced to stand on its own, competitive electric heat installations developed the Gold Medallion standards. Many of those standards are with us today in the R-2000 guidelines.

I do not for one minute suggest that we in the utility industry return to massive sales campaigns as were conducted earlier. I would like to see the average citizen given the respect deserved by an intelligent human being. Let our average Ontarian come to the marketplace and take note of the price of energy. If said person notices that to heat a living space will cost one bucket of money to use natural gas, and two to three buckets to use electricity, probably the person will choose the one of least economic resistance. The person will benefit by having had the opportunity to invest as he felt best. The generators of power will benefit in that they can use the power already generated to sell to some customer to utilize in a more productive manner. This sounds almost reasonable.

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Provincial governments can take pride in what some of their various ministries accomplish. This government, through the Ministry of Energy and the Ministry of the Environment, has been presented with a golden opportunity to set policy and take responsibility for the results of that policy.

The Ministry of Energy has asked that consumption be reduced. The previous minister asked Ontario Hydro to look at other alternatives than generating power to meet the growing demands. These sentiments should be applauded. Our society should not tolerate waste of any type of energy.

The amount of thought having gone into some of the ministry's guidelines is not overly obvious. I hope it reveals itself soon. My concern arises from the methods the Ministry of Energy is attempting to use to achieve its goals. If the Minister of Energy is serious about subsidizing fuel conversion, then the Ministry of Energy should perhaps create a provincial gas utility. The ministry may be able to either nationalize the existing companies or work with some of them to expand their markets on an individual basis. Any and all incurred costs should either be borne

by the company gaining the long-term benefit or the Ministry of Energy through direct taxation. To suggest that fuel conversion should and can be done on a universal basis will result in a greater catastrophe than building units 12 or 14 at Darlington without any sort of feasibility studies.

As I have indicated previously, the marketplace, if left unsubsidized, will let most Ontarians make wise choices for themselves. Another question that arises is should there be a greater reward than the obvious financial reward to the customer for choosing a sound investment? Is subsidizing fuel conversion artificially propping up a marketable commodity?

How does the Ministry of Energy propose to justify the moneys already spent in load reduction subsidies? Will there be any consideration for responsible people who have already built to better standards, that is, triple-pane windows, 200-amp service, R-40 insulation, etc?

Are the same people who decide to convert to gas heat going to find themselves in the same situation in the future because of a shortage of gas? Is this government's stampede away from electricity and towards gas any different than the Big Blue Machine's "Live Better Electrically" stampede towards it? Will such sudden moves allow the Ministry of Energy and in fact the government to be perceived as credible organizations?

A wiser approach to the energy supply problem would be to not act upon one area of utilization, that is, heating, but to educate and re-educate every citizen, private and corporate, to conserve their usage of energy in all areas.

We as a society must look to the future and try to decide where we would like to be in several years. We would probably not condone the flooding of a people's homes to generate power. We may even do air and environmental studies prior to constructing new fossil fuel generating stations. If we can accept the above two statements as being reasonable, would it not follow logically that if we are going to build the equivalent of one or two Darlington units by conserving, we do a feasibility and impact study on this process?

Are we sure Ontario is in fact gas self-sufficient for at least our natural life expectancies? Do we have in place long-term gas contracts that will guarantee that the price of gas to the consumer will not exceed the price of electricity for the next several generations? Given the present constitutional stability of the country, do we know with whom we will be negotiating future gas contracts? Do we know with whom we will be competing to negotiate future contracts?

Do we know that converting kilowatt-hours into water and carbon dioxide is environmentally acceptable to our children and grandchildren? Have we examined what effect a drastic change in direction and policy of present-day legislators will have on our elderly and retired population, especially in rural areas?

Have we looked at the financial implications on utilities to have their load dramatically changed? Do we have a place for all the power we are attempting to save? Have we done other than a pragmatic study? Can we choose our descendants' future on the whim of an Angus Reid poll?

Unless we have an overwhelming positive or documented answer for these questions, I suggest we avoid

stampeding into a pragmatic decision. I believe all of us in this room would not feel comfortable with building anything large or making drastic changes to our lifestyles without first doing some sort of environmental study.

I think this is a golden opportunity for the Ministry of Energy to take the lead of Ontario's energy future and find answers to the questions posed here. Such research may even raise more questions. The point is that there is no one quick fix for our environmental, energy or economic woes. What will work for one area will be devastating for another.

I would like to share with you what load reduction or conservation means to the utility I represent. Atikokan has gone through some rough economic times. We are a resource-based community with our resources in decline. At one time we had two open-pit iron mines as well as a thriving woods industry. Our infrastructure was set up to accommodate over 6,000 people. Our electrical distribution system could service 10,000 people. Our population is just over 4,000 at this point in time. Last winter our unemployment exceeded 60% because of wood industry slowdowns.

The point I am trying to make is that we are operating our electrical distribution system at 30% to 50% capacity. Reduction of load by any means only results in less revenue to the utility. Reduced load does not reduce the cost of distribution; it would only drive up the unit cost of power. This is not easy for the economic development officers to add to our community's résumé. We still very actively support conservation efforts, because we realize that unwise use of our resources is unacceptable. The very fact that the ministry could possibly consider hiding the cost of subsidizing large multinational corporations, the gas companies, in electricity rates to communities like ours is not palatable at all.

In some communities, where their load is growing, it may make sense for the utility to subsidize fuel substitution rather than increase its distribution capacity. These decisions must be made on an individual situation based on sound economic principles.

As you know, the rates charged and capital expenditures allowed by the utility industry are stringently regulated by guidelines set out in the Power Corporation Act and the municipal utilities act. When a utility rebuilds itself for its rate of load growth, the economic predictions are made with certain load factors as givens. What do you think universal fuel substitution will do for these plans? Who will pick up the pieces when such flawed policies artificially drive up the cost of energy to everyone and reduce the utilities income in one fell swoop?

You might ask yourself, does this person have any positive suggestions? After all, we know it is easy to criticize when you are not in a position to do anything. I do have a few suggestions.

Have the Ministry of Energy actually take charge of energy in Ontario. If fuel substitution makes sense for one utility and there are not enough funds present to allow this to happen, let the Ministry of Energy take pride in its initiative and subsidize conversion. Let the ministry either recoup its cost from the area receiving the benefit or raise

the money through general taxation. Do not hide the cost in the price of electricity. Our industry cannot afford it.

The ministry should be compassionate to the sector of the population that has gone to all-electric living. The people who in a lot of instances are on a fixed income and in a non-gas area will never benefit from a fuel substitution program and should not have additional hidden costs bestowed upon them.

The Ministry of Energy should work with the Ministry of the Environment and actually investigate the long-term effect of converting kilowatt-hours to water and carbon dioxide.

The Ministry of Energy should be honest with the public and promote conservation as an environmental issue rather than emphasizing the economic benefits. Most ministry initiatives do not keep pace with the rise in cost of energy. At this point in time the public are supportive of conservation, but if it is sold on economic incentives and the incentives are less than expected, the public could be turned off.

Ministry policy should encompass all forms of energy.

Ontario Hydro should advise the Ministry of Energy on the areas it has expertise in but should not tax its economic viability in energy reduction to the point that its own distribution system cannot be maintained in excellent shape.

The Ministry of Energy should refresh its mandate and try to understand what has made this province tick for so long. Make sure the item you are fixing is broken. Make sure the cure is not worse than the kill.

I plead with you to give careful consideration to what you are doing. You have the opportunity and a moral obligation to take charge and ensure that all forms of energy are used wisely. Conservation and conversion of form must be dealt with on an individual basis, with consultation to encompass all of the players. Remember, the policy and direction you set will affect the lifestyle of Canadians for generations to come. The electrical utility industry has survived many hurdles on its own. Please do not saddle it with hidden costs that have nothing to do with the generation of power.

In closing, I once again thank you for coming to hear our concerns. If you have any questions, you can ask me now or you can contact me if you pick up a copy of my paper.

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Mr Jordan: Thank you for coming this afternoon and making what I consider an excellent presentation into which you and your commission must have put considerable thought. You have not only pointed out to us the overall problem to the utility, but the problem to individual customers who do not have an opportunity for fuel switching.

On page 14 you say, "Ontario Hydro should advise the Ministry of Energy on areas that it has expertise in..." That is what bothers me about Bill 118. The expertise is being ignored completely and there is going to be a policy directive issued independent of thinking out the problem and we could be left with many more serious problems, as you have pointed out in your presentation. I thank you very much.

The Vice-Chair: Do you wish to respond to that? I think it was mainly a statement.

Mr Jordan: I did not mean that as a question.

The Vice-Chair: Do you have a question, Mr Arnott?

Mr Arnott: Thank you very much for coming in, sir, to explain the position of your utility and to give us some information about your community in Atikokan. I think implicit in your presentation is that your community, like my own, is very concerned and very sensitive to the cost of electricity. With Bill 118, power at cost is out and now we have power at a reasonable price as the stated policy of the government, which I think indicates that power is going to be going up and that included in the cost of power are going to be some of these extras. That is quite obvious.

The minister presents fuel switching as being a great benefit to society, resulting in a considerable decrease in the consumption of electricity. I would like to ask you, in your community, how do you think fuel switching and incentives to convert to natural gas will in any way affect the numbers of people who will switch? I think I agree with you, in that there already is an incentive based on the market and I cannot see very many more people switching, even if incentives are there.

Mr Thorburn: I do not know how many in our community would switch, but what makes it really ludicrous is that we have 6% of the heating load as it is. The point is that whether they switch or not, most of Ontario Hydro's revenue comes from the utilities, I believe 75% or so. I am sure other people will have the exact figure on that. Any switching done anywhere is going to impact on our rates at some time. I guess it does not really matter to us whether it is a 12% rate increase because of Darlington, a 3% rate increase because of lightbulbs or an 8% rate increase because of fuel switching. It is not going to benefit these people and it makes it that much harder to sell the community once you start driving the unit costs up.

If we took our 6% of electric heat people off—I am not sure how many of them would go, because a lot of the electric heat was sold on baseboard-type installations and the dwellings are not suitable for natural gas, but it would start to drive the price up. I think if the marketplace demands it, then the people will switch and the benefits will be gained, but I am not so sure there is a whole lot of difference in the salesmanship of these particular policies than in the Live Better Electrically slogan days. The message has changed, but they say the more we change, the more we stay the same. I am not sure there has been any thought put into some of these procedures. We are going far too fast at it. It may turn out that some of this fuel substituting will in fact happen, but I think if the marketplace is left to take care of itself, it will.

Mr Klopp: Just a couple of short comments on your brief. I think I find your concern for rural Ontario a little bit sad. I come from rural Ontario, and we had to fight long and hard to get Ontario Hydro to recognize we were subsidizing the cities with its power lines many years ago. In fact, we had to fight with Ontario Hydro for a long time, and politicians, to get the rural credit, which recognized we had problems.

Also, you talk about the Big Blue Machine in your report and you talk about stampeding towards electricity. It was not so much stampeding towards electricity that was the problem, it was Ontario Hydro being locked in on one type of energy to produce electricity, nuclear, and then hiding those costs for years and years and years, and transmission lines all over the place. The way the forms are and the way the accountants do things, we do not see those costs until now, after a plant is built, when we are continuously chasing ourselves around.

The problem was they did not look at solar 10 years ago. They did not put any money initiative into that. They did not look at solar heat for water, for heat pumps; they only looked at what they thought—once in a while, let's face it, they did check them out. Where I live we were going to have a nuclear. It was probably Bruce B, but because there was enough political pressure at the time—thank God we had MacNaughton, I guess, and they wanted the riding—they slowly put it back up there. This is what this bill is all about, making things a little more open.

My question to you is, what is the life expectancy of a nuclear plant, since we talk about the long term?

Mr Thorburn: I do not know what the expectancy would be. The concern I have always had with Ontario Hydro financing—we are, I guess, fortunate to have a thermal generating plant in our community. One of the problems I see is precisely what you have indicated, the type of financing that has been allowed to happen. A few years back, when the key phrase was to convert to metric concerns, there was a big thought that this would be a major problem for plants, and at that time the line of thought was that the plant would last 25 years. This was a couple of years ago this figure comes from; I believe it was a Dane MacCarthy speech. My concern is that if you are going to amortize your debt over 40 years but your product is only going to last 25, we have a 15-year shortfall. I think some of these types of policies need to be looked at and need to be addressed in some manner.

What I do not see happening is there being enough thought in the direction we are actually taking on this. I am not saying the answer is to carry on with the big megaprojects; maybe smaller units are good. The solar has a lot of potential, but if you are going to heat hot water in solar, you are going to take either very cool or very few showers from November into January quite often.

That creates some other concerns, whether it is a gas utility or the electrical utility. What happens when the sun does go behind the cloud? Somebody has to be there to pick up the load the solar cannot take. I think the heat pumps offer a great solution, because we are reusing energy. That is how we can get an efficiency of greater than one. We have up to 400% efficiency on heat pumps now.

Mr Klopp: Well—

The Vice-Chair: I am going to have to cut you off, Mr Klopp, sorry.

Mr Conway: Thank you, Mr Thorburn, I very much appreciated your brief. I know something of your community. I take it you are served by natural gas?

Mr Thorburn: Yes.

Mr Conway: I do not think we have been allowed to visit any community in the province that is not served by natural gas, and it seems to me that fundamental to the new government's energy policy is an understanding of natural gas as the workhorse for the future. In fact, on CBQ this morning I heard a very interesting, fascinating interview I would recommend to everyone with the just-departed Minister of Energy where, to the extent you could unscramble the egg, that seemed to be very much the intention of this government's energy policy.

Be that as it may, in your community, I take it the overwhelming majority of households are heated by natural gas?

Mr Thorburn: About 94%.

Mr Conway: Does your utility serve anyone in the rural area not served by the natural gas lines?

Mr Thorburn: Yes, we do.

Mr Conway: They must be really pleased to know that they are going to pay increased hydro rates to subsidize their neighbours in town who will have access to a lower-cost alternative that will not ever be available to their friends out in the country.

Mr Thorburn: I would think so. We have very few customers, but we do have some that will never get natural gas. They live on a rockcut. You will never get it there.

I believe you are going to Sioux Lookout tomorrow. That is going to be an interesting community for you. I would ask that you take a look at the condition of the hydro lines there also, because they have just rebuilt to service the electrical industry. That is one of the things I alluded to in my report, that when a utility does rebuild based on a rate of return because it has this load here, what it does if you suddenly knock that from under it. I believe you are going to Sioux Lookout and if you do—

1330

Mr Conway: It is hard to disagree. I do not think you can disagree with fuel substitution. I do not think you can disagree with conservation. I am not aware of any reasonable person who is prepared to do that. It seems to me, though, that around the question of fuel substitution there is this issue, which is fundamental to this government's energy policy and is contained in this bill, and that is, who pays for the fuel substitution? Surely people in Atikokan would agree with your brief, that given market conditions presently and the fundamental equity issue, hydro ratepayers, many of whom will never have access to natural gas, should not be expected to subsidize fuel substitution to a lower-cost alternative that is unavailable to hundreds of thousands of people in this province, and quite frankly is a subsidy that does not seem to be merited now on the basis of market conditions.

Mr Thorburn: Yes, that is precisely the position of a lot of people. That is why I think a lot more thought has to go into this before we do it. As you say, no one is going to go out and try to sell electric heat, and hope to make a living at it at any rate, but I do not think the electric industry should pay for the conversion.

Mr Conway: As you indicate, your load growth has slumped significantly because of the difficulties you have faced in your resource community. Since I think your brief says you are running now at 30% to 40% capacity of what you are able to deliver as a utility, can you indicate to me what that has done to your per-unit price in Atikokan over, say, the last three to five years?

Mr Thorburn: I am not sure that it has affected it terribly at this point. We were fortunate that the capacity was purchased and installed when the community was booming. I have been the manager for a very short time, but we have had the benefit of some very good managers since 1957, when the utility came into being. They did some very good planning for us, so fortunately we have not been hit that hard. We would like to rebuild faster. Our plant is very old. But we have to do those sort of things quite slowly because we do not generate the revenue to do it.

Mr Conway: I take it that you—

The Vice-Chair: I am sorry, Mr Conway; we are going to have to cut your time there. Thank you very much for coming before us today. We will make sure that we get the final report out to you as soon as possible after clause-by-clause is finished.

FORT FRANCES
PUBLIC UTILITIES COMMISSION
MUNICIPAL ELECTRIC
ASSOCIATION, DISTRICT 3

The Vice-Chair: I call next the Fort Frances Public Utilities Commission and the Municipal Electric Association, District 3. I understand you have two separate sets of remarks. Could you please introduce yourselves individually for the sake of Hansard.

Mr Cousineau: Larry Cousineau, Fort Frances.

Mr Hebert: Larry Hebert, Thunder Bay Hydro.

The Vice-Chair: I would appreciate it if you could leave a few minutes at the end for some discussion and interaction.

Mr Hebert: Perhaps I could just comment beforehand. Obviously I am not from Fort Frances. I am doing the district paper and Larry is doing the Fort Frances paper. Our brother Darryl could not be here today.

Mr Cousineau: It gives me a great deal of pleasure to be here today. I am a very new member of the Fort Frances commission, having just been elected a month ago, so I hope you will be kind to me in the question period after.

I am actually presenting this paper on behalf of Mr Doug McCaig, who is a long-time member of our commission. He is presently in Toronto at a meeting due to the fact that he is the incoming chairman of the Municipal Electric Association, which we are very proud of in northwestern Ontario. I think it is the first time someone from our area has ever been the chairman—possibly, I guess, if no one runs against him.

The Vice-Chair: Congratulations.

Mr Cousineau: Thank you. I wish to address this committee in my role as a representative of the electorate

in my community, a job that brings with it moral obligations not unlike yours.

Every three years the villages, towns and cities of Ontario elect public utility and hydro commissions for a singular and very important purpose: the maintenance of a unique industry and the preservation of the ideals upon which it was founded. I refer, of course, to public power and the municipal cooperative concept so eloquently espoused by the industry pioneers, without which the prosperity we enjoy in the province simply would not have been.

I would like to draw your attention to a statement printed on the first page of a Municipal Electric Association booklet entitled *Working for You*:

"Public power shapes our lives. Its dependability and cost-effectiveness allow Ontario's industry to grow and compete in world trade. It contributes to a standard of living that is among the highest in the world. And it's there when we need it, at the flip of the switch. But behind that switch is a powerful group—the Municipal Electric Association."

As a member of the Fort Frances Public Utilities Commission I am concerned with the ever-increasing interference with our heritage and our mission resulting from government initiatives which serve to draw from our resources and yet have nothing to do with our mandate, which is the supply of reliable, low-cost electricity. These initiatives seem to have one purpose: the channelling off of money for purposes of supplementing tax revenues required to satisfy ever-increasing government bureaucracies.

Let us examine just a few of these imposed costs and what they mean in moneys wrung directly from our municipal electricity rates.

Water rentals: a long-standing practice of charging for water used in hydraulic generation. The 1990 cost was approximately \$102 million.

Ontario Hydro debt guarantee, which is self-explanatory: The 1990 cost was \$133 million.

Rural rate assistance: The 1990 cost was approximately \$100 million.

Goods and services tax, a federal tax never before applied to electricity: 7% on electricity sales.

These are not the only charges, but without them our electrical bills would drop approximately 12%.

Let me draw your attention to the cost of living index increases in Ontario for the years 1989, 1990 and 1991 and the wholesale rate increases from Ontario Hydro to our utility during the same years.

In 1989 the CPI was 5.1%; Ontario Hydro wholesale was 5.1%, which was fine; it held its own. In 1990, it was 4.4% and 6.6%. In 1991, it was 6.1% and 9.3%. As you can see, the average is from 4.8% to 7%. We can see a clear pattern developing. For 1992 we are predicting an increase in the provincial CPI of between 5% and 6%, maximum. However, our wholesale rate is increasing 11.9%.

We now see the pattern, and the worst is yet to come. Ontario Hydro is predicting double-digit increases for the next several years which will probably be more than double the consumer price index increases. Where will it end?

In addressing Ontario Hydro's debt and fulfilling our role as a member utility in the Hydro family we gladly

shoulder our share of the burden, since we have a legal and moral responsibility to do so. This having been said, I wish to make a point very clearly. In the view of the Fort Frances Public Utilities Commission we can ill afford the imposition of further charges that have nothing to do with our role as a municipal utility. For the near future we must address Ontario Hydro's \$35-billion debt, the declining nuclear performance, the poor economic climate and our obligations to the residential, commercial and industrial environments in this province.

We do not need more hands in the pot. We do not need the burden of bailing out Elliot Lake placed on the backs of the ratepayers. We do not need the burden of the Spruce Falls hydraulic plant funded through electricity rates. We do not need additional taxes on our product, be they overt or hidden, and we sure do not need to be providing subsidies for electric heating customers to convert to natural gas.

What we do need is a comprehensive plan to carry our industry through the next decade in a responsible manner and to ensure the continued availability of low-cost, secure electrical energy in order that Ontario may continue to prosper.

Having said that, I would also like to state my support for the concept of conserving energy in all its forms. Conservation makes sense. However, it does carry a price. Spending vast sums of money on schemes that serve to lower utility usage patterns will undoubtedly result in lower revenues, lower rates of return and lower working funds for our utility. In order to maintain an acceptable level of service we will have to increase the unit cost of our product.

This we will live with. It can be considered as part of our conserving energy for the long-term benefit of the province. But that is where it must end. We must not pass on the cost of social programs to our customers. We must not agree to funding the capital costs for converting to natural gas through our electrical rates. Market forces must dictate the need for conversion. If subsidies are required, let them come from the natural gas companies.

My statements are strong, as are my feelings. If you insist on tampering further with electrical rates in Ontario, very soon our customers will not be able to afford us, and in turn we will not be able to afford you.

1340

Mr Hebert: I am presenting this paper on behalf of District 3 of the Municipal Electric Association, which represents 11 municipal utilities in northwestern Ontario.

There are two fundamental principles which form the foundation for the municipal utility concept in this province: first of all, public power, and second, power at cost. The importance of these basic tenets cannot be overstated, and in the opinion of District 3 of the Municipal Electric Association they must be restated in light of the negative influences recently introduced that serve to undermine and destroy.

Public power, simply stated, refers to hydro in Ontario as a great and valuable resource that should not be treated as anything but an asset of the people. This basic principle being adopted, the municipalities joined together in pursuit of a cause which by its very nature required an

unparalleled commitment and strict adherence to the founding doctrine.

It should therefore come as no great surprise that we, as members of this historic family, take issue with governmental efforts both past and present to move us away from this original purpose. The MEA and its predecessor, the Ontario Municipal Electric Association, have been the unifying force in the pursuit of public power in Ontario. As the only legitimate representative or voice of 75% of the electrical ratepayers in this province, its opinion should be actively sought, not disregarded as that of a special-interest group.

At this point we can probably drag out the old argument of legality versus morality and safely apply it to the subject under discussion. Nobody disputes the right of the provincial Parliament to enact such legislation as it deems appropriate in the interests of the citizens. However, the oft-heard expression, "Do they have the moral right?" seems to fit at this stage of the discussion.

If I could move for a moment to the second principle, power at cost, I would like to quote from a campaign speech from the then soon-to-be Premier, James Whitney:

"The water power of Niagara was the property of the people and the provincial government must help them to enjoy their heritage without paying tribute to profit-seeking interests."

Certainly the generation facilities in Ontario have grown substantially from the limits of Niagara, and were Mr Whitney alive today, he would recognize this as a natural growth and evolution. However, we feel strongly that he would be greatly disturbed to find the "profit-seeking interests" to be the actual government of the day. Before you dismiss this, let me draw your attention to a retrospect of the extraneous demands made on this industry over the past few years.

Water rental charges: Since its inception, Ontario Hydro has been charged rental for the water flowing through its hydraulic generation facilities. While the formula has changed from time to time, one thing has remained constant: This charge has been passed on to the municipal utilities, an odd arrangement when you consider that the citizens of Ontario are charged for water they own to flow through turbines which they also own. It is sort of like charging a farmer for walking through his own cornfield.

Ontario Hydro's debt guarantee: The purpose of this charge was to cover costs incurred by the provincial government while guaranteeing Ontario Hydro's debt, a guarantee that we must understand was not even required. This fact notwithstanding, it remains that all assets of Ontario Hydro are owned by the people of this province. Coincidentally, all assets of the provincial government are also the property of the people of this province. So we find ourselves in the unusual position of paying out money to guarantee our debt when we alone are responsible for it and no other party can possibly be involved.

Rural rate assistance: If one considers the Hydro family as being composed of municipal utilities and the rural system, this charge is somewhat less offensive than others.

However, it certainly goes against the principle of power at cost.

Goods and services tax: The incredible unpopularity of this federal tax speaks volumes about its application to electricity rates. If ever a blatant violation of the principle of power at cost existed, this is surely it. Electricity is no longer a luxury. It is surely more essential than water, sewer or transportation. The chap on the operating table would not be too disturbed if he could not have a glass of water, a trip to the toilet or a bus ride, but he would be in some distress if the lights went out.

Elliot Lake bailout: This is another example of the misuse of electrical ratepayers' money. Ontario Hydro can appear to be magnanimous while posturing as a responsible corporate citizen, but it is the municipal utilities that will pick up the tab. Participation in social assistance programs is so far removed from our mandate as to be silly.

Having endured these several programs, all thinly disguised tax grabs, we come to the next debacle, fuel substitution subsidies, a proposal whereby the actual costs associated with an individual's conversion from electric heat to natural gas will be funded by electrical utility ratepayers. In addressing this specific issue we, as District 3 of the MEA, wish to make absolutely certain you understand our meaning.

As earlier stated, we recognize your legal right to enact legislation, and certainly in a democracy you have the right to be wrong. However, we the people, owners of the Hydro system and owners of all of the assets held in trust by the provincial government, say this in respect of the proposed subsidies: No.

No, we do not and will not support subsidizing the costs of conversion to an alternative fuel with funds from electrical users. No, we do not believe that any factor is more important than market forces in dictating the need for fuel conversion. No, we do not believe that transfer of tax burdens on to the back of our electrical customers, or ventures into the field of social engineering, are in the best interests of this industry.

If that is not clear, we would only be too happy to repeat it.

Mr Conway: Tell us how you really feel.

The Vice-Chair: Thank you for your presentation. I will lead off with Mr Huget.

Mr Huget: Thank you both very much for coming and taking the time to present your obviously very clear views on an important subject.

I want, if I can, to speak a little bit about the former chair of Ontario Hydro, Bob Franklin. He said some interesting things over the years. One of the most interesting things, I think, was: "Baths and bungalows should be heated by natural gas wherever possible. Electricity is too valuable and too costly to heat dishwater." Another interesting approach he had was for the 1990s: "Our first priority must be to make more efficient use of the electricity we already have. No doubt this is the best, the fastest, the most economical, the most environmentally responsible way to meet people's need for energy services." Those were Mr Franklin's views on conservation.

I want to ask your opinion of Elliot Lake, as both of you have mentioned it in your presentations. If I were to take your presentation the way you have spoken it, I would have to assume we would have been better off to continue to buy uranium from Elliot Lake at several times the world price and thereby incur costs of about \$1.2 to \$1.4 billion more for the people of this province. Am I to take it that would be your suggestion, and would that be a sound corporate decision?

Mr Hebert: No. I will answer that first and Larry may want to answer it after. That contract is coming to an end and it would not be that much longer before it was over. I do not think you would be incurring those costs when you look at what was paid to subsidize Elliot Lake.

Mr Cousineau: I am very new to this, but the way I understand it is that the contract is coming up and the ratepayers of the province should not be burdened with the increased cost of this uranium when it could be purchased at a lower rate somewhere else.

Mr Hebert: To continue to answer the question, from my standpoint I guess you have to look at why you got into the agreement to begin with, why they were paying more. That is another aspect and I will perhaps address it a little later.

Mr Huget: The reason I ask is that it is constantly being mentioned that Elliot Lake is a social program. I would like your counsel in terms of being business people in the utilities industry. Is saving \$1.2 billion for the taxpayers of Ontario a social program or a responsible corporate business decision?

Mr Hebert: If it is a true saving, then it is responsible. I am questioning: Is it a true saving?

Mr McGuinity: To pick up on that point, it is my understanding that what took place at Elliot Lake was that Hydro had the option, pursuant to the agreement it originally entered into with the suppliers of uranium in Elliot Lake, to bring the contract to an end in 1993 rather than to continue it to 1996. So the issue was, do they get out? If they decide to get out, do they make any kind of payment out of some sense of moral obligation as a good corporate citizen? I think that is the issue.

From a strictly economic perspective, the directors of Ontario Hydro were very concerned about making any kind of payment in keeping with the interests of the ratepayers, their shareholders. It is important to note that Hydro's directors, the people who are accountable in law to the ratepayers, insisted that the order in council signed by the cabinet, this government, specifically make reference to the fact that they were being absolved from any and all liability for going ahead with that payment of \$250 million to the good people of Elliot Lake. I do not think there is any doubt that they were in desperate financial need and that someone had to look out for their interests. The question is, was it Ontario Hydro's obligation to look out for their interests or the government of Ontario's?

1350

Perhaps I can follow up with a question. Do you feel comforted now in knowing that the minister plans to table amendments to Bill 118 which essentially are going to

return it to its original form, that is, that it will not be able to issue directives to Ontario Hydro that will compel Hydro to act outside of its mandate, keeping in mind that what it did at Elliot Lake was something done without the benefit of any amendment which enabled it to act outside of its mandate.

Mr Cousineau: I would feel satisfied.

Mr Hebert: I guess there is the original development aspect to the Power Corporation Act as it stands now, and if you take that widely enough you could consider the Elliot Lake situation as part of that, but yes, we are happy. I know the Municipal Electric Association parent body successfully lobbied the government early under the planned amendments and has already achieved some changes, so yes, we are happy about that.

Mr McGuinty: Let me put it this way. The minister is indicating that what they did at Elliot Lake fell within Hydro's mandate of providing power at cost. Do you believe what they did at Elliot Lake is in keeping with that mandate?

Mr Hebert: As I just said, if you take the regional economic development aspect, which was a change to the act not too long ago—it was seen at that time as a minor change—in its wide enough interpretation, I guess you could say that is within their mandate. If you truly look at it, I think it may not be. That may be as it may be, with Elliot Lake in the background. I certainly would not want to see it happen again.

Mr Conway: I have a supplementary on that, if I may, very quickly.

It seems to me that on the two critical questions, regional economic development and fuel substitution, the question is not whether they are a good thing. Clearly, in one case fuel substitution may be highly desirable, and in the other case, certainly in Elliot Lake and in Kapuskasing, it is transparent to anybody with a brain that they are both desirable and absolutely necessary for those single-industry communities. There is only one question: Who pays?

When I think about Elliot Lake and Kapuskasing, there cannot be anybody associated with a utility who thinks that under the old act, as interpreted—as my friend from Ottawa rightly observes, this minister just said that what they did at Elliot Lake and Kapuskasing has to do with their interpretation of the Power Corporation Act as unamended by Bill 118.

The question is, should the Hydro ratepayer be in the business of subsidizing that kind of regional economic development or should the Hydro ratepayer be in the business of subsidizing to a lower-cost fuel alternative that in many cases may not be available to hundreds of thousands of Hydro ratepayers? Surely the answer to both questions, if you think about equity for a moment, is no. Desirable as they may be, one or both of those responsibilities, to the extent that they have to be entertained, are the rightful obligation of the consolidated revenue fund of the government of Ontario.

Mr Hebert: Certainly part of the district's presentation is that they may be desirable. They probably are, but they do not come under the Hydro mandate in terms of,

"Ratepayers should not pay for that." It should come out of general tax funds or what other source the government has, but it should not come out through the Hydro rates.

Mr Cousineau: In answer to that question, if I could just add, in Fort Frances we were paying probably the lowest electrical rates by very far up until about five or six years ago, when we lost a major power agreement with a local mill. What happened at that time is that the power rates jumped considerably. There were a lot of people on electric heat in Fort Frances due to the fact that we had such low power rates. The gas companies came out with very good rates too. Their rates were lower in Fort Frances due to arrangements with the mill in order to be in the town. I am not exactly clear on that end of it, but consequently a lot of people changed to natural gas.

Now I think a lot of our ratepayers who are still on electric heat are definitely going to have trouble trying to maintain their homes and, not knowing what the gas rates are going to do, they are going to have trouble with their Hydro rates subsidizing the possible adding on of converting to gas.

Mr Conway: I can believe that.

Mr Jordan: The question underlying the whole question of Bill 118 that keeps coming to the forefront is really the move from power at cost to power at reasonable cost. Why do you think the government is putting such importance on changing that wording through Bill 118?

Mr Cousineau: That is a tough question to answer. In my short term here so far, I think the ratepayers are concerned that there could be too many unknowns.

Mr Jordan: At least we can assume very definitely it will no longer be power at cost, which is a major change in the utility as it has been known to serve the people of this province over the years. Are your own utility and the association strong in your objection to that part of the bill?

Mr Hebert: The concept of power at cost?

Mr Jordan: Where it says "reasonable cost."

Mr Hebert: Yes. We would prefer to see the original tenet of power at cost kept in the bill.

Mr Arnott: My question is with respect to the fuel-switching issue. I am having a great deal of reservation, after having listened to the minister and the presentations so far as to whether fuel substitution will have a meaningful impact on reducing hydro demand. I do not see so far that it will and I would like to ask what your opinion is on that in your community. Do you foresee many people converting to natural gas if generous incentives are given?

Mr Hebert: If I could answer that first, it depends on who is giving the generous incentives. If it is the gas company, then it can give the generous incentives. I do not think our utility should be subsidizing people who go to the gas company.

In Thunder Bay, most places are accessible to gas. There are a few that are not, but most are. I can see a significant portion, given the differences in cost, heading over to gas for heating. Right now there is a significant portion in our community who use gas for space heating,

so I think that would be increased even more, using subsidies or even just using market forces.

If you have come from a situation where it is base-board heating, it is a tougher time because you normally do not have duct work in your home, so that mitigates against using gas. But if you have central heating with a furnace, then chances are you have the duct work in place from the electrical system, so it makes it very easy to convert. So with or without subsidies, but definitely not with the utility paying, I can see people definitely moving to gas where it is available. That is a good business decision on their part and should make sense.

Mr Cousineau: In Fort Frances I could see a lot of people changing over, simply because a lot of people do have electrical heat, where they did not have oil before due to our previous low rates.

Mr Arnott: When the minister has told us that natural gas is one third of the cost of electricity, why is that not a sufficient incentive for people to convert if they want to?

Mr Cousineau: I would think if that was the case, it should be enough reason for them to convert without any subsidy.

Mr Arnott: What I am suggesting is I do not think there are going to be that many people converting, even if you do give away the cost.

Mr Jordan: A quick point on what was mentioned previously, that a number of years ago Ontario Hydro had a Live Better Electrically program: It was sort of indicated that they promoted the use of electricity at any cost. That, in my opinion, was not the case. That program was very much directed to off-peak loads. You had to supply the generation and the distribution to handle the peak. Then you had your valleys of power, and the loads they concentrated on were very much the ones to be used during the off-peak periods. Would you agree with that?

Mr Cousineau: I cannot really answer that question.

Mr Hebert: I would agree partially with it, except the individual consumer cannot take advantage of off-peak rates, because he does not have meters at a reasonable price that will measure that. So from an individual resident's standpoint, it does not matter whether it is off-peak or not.

Mr Jordan: It did help the utility.

Mr Hebert: Yes, I was going to say that from the utility standpoint it did help.

Mr Jordan: That is right. It was better business.

Mr Klopp: Very quickly, natural gas: You seemed to dwell on that one issue alone, but I think it was pointed out by my colleague over here that it is already one third less and people maybe will not convert any more, so maybe the utility company will not be spending any money subsidizing those people changing. Are you against the idea of a generating plant built for natural gas?

1400

Mr Hebert: Certainly not. I think we will have an example here perhaps, depending on what happens with Ontario Hydro. They just put a freeze on NUG developments,

so if that comes off, then we will probably be looking at one here, and I think Fort Frances—Larry can speak to that—already has a situation where they are into one.

Mr Klopp: So that is a good deal then.

Mr Herbert: Sure.

The Vice-Chair: Thank you, gentlemen. I understand one of you is staying behind, wearing another hat. Thank you for your presentation. We will be sure to forward the outcome of all of this to you.

THUNDER BAY HYDRO

The Vice-Chair: The next presenter is Thunder Bay Hydro, and I believe you have another co-presenter this time. At your leisure, and if you could, once again, leave time for some questions and answers.

Mr Tocheri: Thank you, Mr Chairman. My name is Wayne Tocheri. I am a newly elected commissioner for Thunder Bay Hydro, and also a newly elected Chair for the new commission. I would like to thank the committee, first of all, for this opportunity to address you, albeit as limited as my remarks may be.

I would also like to say as a new commissioner that we have been somewhat deflected in the last few months with respect to our responsibilities in other matters dealing with conflicts of interest and the like that have consumed most of our political attention in this community for the last two years.

I would like to invite the members of this committee, however, to return to Thunder Bay, either at the end of this month or next month, as Thunder Bay ratepayers receive their first utility bills for 1992. There, ladies and gentlemen, I think will be the first public expression from the north of what we think of the responsibility of this government and Ontario Hydro to provide electricity to ratepayers in this province at reasonable cost, economical cost and cost that can be properly budgeted by any responsible ratepayer.

To recognize rates of 12% increase at a time when the rest of this province is, in our view, facing an economic calamity of unprecedented times is to me a severe indictment of the past that we have not planned responsibly, developed responsibly or educated our ratepayers to what electricity means and should be costing them for the future. So please, gentlemen and ladies, return to Thunder Bay. This commission, the Thunder Bay commission, will have a lot more to say about what is needed in legislation and what is needed by Ontario Hydro to ensure a proper mandate for the ratepayers of this province.

This brief that you have in front of you has been prepared by our management and will be delivered by our management. We have had only a brief opportunity to consult with our general manager on its contents, but we think that he addresses responsibly the need for a very, very serious look at our total obligation on behalf of ratepayers. Thank you for this brief opportunity. I will allow our general manager to proceed.

Mr Hebert: Hi. Back again, Larry Hebert, Thunder Bay Hydro.

Thank you for the opportunity to make a presentation to your committee on Bill 118. You will hear many presentations from MEA members as you go across this province on this matter and they will do an excellent job, I am sure, of suggesting changes from the municipal utility standpoint.

We will certainly support their position and the position of our parent MEA association that has been taken with regard to policy matters. This lobbying by our association and its 312 members has already led to some amendments or changes to the bill.

There is no question that one of the main reasons in the past for the prosperity of the province of Ontario has been the cheap, reliable energy system provided by Ontario Hydro and the municipal utility group. Unfortunately, successive provincial governments, without bias to political colours, Progressive Conservatives, Liberals, and now the New Democratic Party, have legislated away at the delivery system and its founding principle of power at cost.

Political decisions such as rural rate subsidies, debt guarantees, excessive water rental rates and now proposed fuel substitution and incentive plans have diluted the original concept of electrical energy production and delivery at cost. Either the successive provincial governments have been consistently right or consistently wrong with regard to their political changes to the electrical energy delivery system in Ontario.

Add to the government issue the inconsistency of Ontario Hydro's marketing programs going from the "Hydro is yours, use it" philosophy of the 1960s, to the 1970s conservation theme, to the early 1980s "Use electricity but use it wisely" motto, to the late 1980s and early 1990s demand management blitz, and you can perhaps understand the reason for the approach we have taken.

Our electrical delivery system is good but it does have its problems. The Darlington fiasco is a good example of where Ontario Hydro must be brought under control. The failure, until recently, of the majority of large municipalities to come on side with Ontario Hydro with regard to energy management programs is another example of the lack of direction we have had.

What Thunder Bay Hydro is suggesting is the scrapping of Bill 118 entirely, since it is a Band-Aid approach. What really has to be done in this country is to develop a true national energy policy. Given the void federally, we believe the efforts of the provincial government should be to develop a comprehensive energy policy for Ontario. This major policy direction should be comprehensive, cover all forms of energy and have a future orientation. It should be as non-partisan as possible.

To illustrate what it should not be, take a look at Ontario Hydro's 25-year demand-supply plan. While detailed, that large document simply takes three kinds of current electrical production and projects them into the future. Nuclear may be the best current option as suggested in the report, but the emphasis is on the word "current." This 25-year plan gives no credence to future technologies.

A recent survey of research projects for the next decade indicated that subjects such as superconductivity and cold fusion were in the top priority group. Bringing these two

technologies to a usable consumer product level will eliminate or minimize the need for megaprojects. Individual home or area fuel cells, an advanced superbattery, will eliminate the need for much of what we see today in the electrical distribution systems. Efficiencies with new batteries that are almost developed now would mean that we in the municipal utility field might be no more than energy renewal centres, much like gasoline service stations today.

We do not know exactly what the future will bring, but we are positive it will be a lot different than today. We believe we must be ready to meet the future by having a solid energy policy framework in which to work.

If your committee does not prefer to look at the big picture because it is not your precise mandate, then we would support the MEA and fellow utility positions on the bill. We will quickly itemize those areas of concern:

1. Energy rates should not be used as a new source of tax revenue for the provincial government.

2. Policy directives should not be used to force Hydro to do things outside its current mandate.

3. Of most concern is the concept of fuel substitution. The market and the market alone should be the only reason people switch fuels. There should be no subsidies paid by the electrical customers in this province to have people change to another fuel. If it is that worthwhile to switch to gas, then do it without a subsidy from Ontario Hydro or let the gas company pay the subsidy.

4. Stop having Ontario Hydro and the Ministry of Energy compete in demand and energy management programs. Do we need incentives in this area beyond the obvious ones of saving watts and dollars if the technology is good and available?

5. Take the lead in using government buildings to be examples for energy-saving products. The new building here in Thunder Bay did not, to our knowledge, use energy-saving devices, for example, lamps, motion sensors, except a computerized system to turn off the lights at night, which for the most part has not worked.

Thank you for your time and attention.

The Vice-Chair: Thank you for your comments. I will start off this round of questioning with Mr Conway.

Mr Conway: Gentlemen, thank you very much. You appear to be two pretty rigorous cost-conscious fellows, so I want to ask you a pretty direct question. It really comes to my mind because in the 1991 OEB review of Ontario Hydro's bulk power rate increases for 1992 the subject came up to do with cost items outside the bulk power item, which is of course the overwhelming item that drives one's hydro bill.

The OEB hearings last year and the report drew our attention to salaries within the utility world, in this case primarily with Ontario Hydro. Very politely, the OEB seems to be suggesting that one could be forgiven if one came to the conclusion that salaries, benefits at our beloved provincial utility, were perhaps somewhat gold-plated. Now, happily, the new minister in his Rambo role is going to really take a very close and thorough look at this. He is Pollyanna when he gets into the supply question.

But I want to ask you what would a typical—a lineman would be the person I would think of. What would you be earning if you were working for Thunder Bay Hydro? What kind of salary am I typically earning with some overtime thrown in?

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Mr Hebert: Base salary?

Mr Conway: I do not really want a base salary. I just sort of—

Mr Hebert: I am just going to give you the breakdown: a base salary of about \$50,000 and, with overtime, probably \$58,000 altogether, \$8,000 in overtime. That is not benefits. That is just the salary.

Mr Conway: Because my friends in the third party—I must say not my friend the member for Lanark-Renfrew but others; communities like Nipissing come to mind—have been directing some of our attention to the cost structure within our utilities. What you are telling me is that typically I might be earning about \$60,000 in rounded figures if I worked for Thunder Bay Hydro with 5 to 10 years experience.

Mr Hebert: As a power lineman, yes.

Mr Conway: As a power lineman. Thank you.

Mr Hebert: I guess there will not be hardly anybody working there if my prediction is true, both at Ontario Hydro and municipal utilities.

Mr McGuinty: Just to follow up on that a little bit, it is my understanding that Hydro has made allocations for a 4.2% increase in 1992. I may be mistaken, but I think that is right. In light of the current economic conditions, in light of the financial stresses under which ratepayers find themselves and in light of the recent negotiation settlement between the government and OPSEU, I am wondering if Hydro employees feel some kind of an obligation to accept less than 4.2%.

Mr Tocheri: First of all, our collective agreements will come up for renewal this spring. I think the recognition right across the province is that we are all going to do some very serious belt-tightening. If we are not prepared to do that, then we might as well start seriously considering where else we would rather live.

I would be concerned not so much about Thunder Bay Hydro rates and salaries, but about all the rates, compensations and costs that have gone into the cost of delivering power to our distribution system. Those are the ones I am going to take to be of concern and a lot deeper concern in the months ahead. We know what our workforce is worth and the kind of competitiveness that we have to face to recruit competent people. I can assure you it is not as though we do not have any turnover. We have had some significant turnover of our workforce.

We will be looking not only at our linemen, our management, our office staff and everyone else whose salary is being listed as a cost to deliver power to Thunder Bay. It is the responsibility of Ontario Hydro to ensure that what has gone into its costs is truly legitimate and fair salaries in this province. I know as a compensation professional with some 25 years' experience, I have always regarded Ontario

Hydro as the Cadillac of Cadillacs when it comes to compensation. Whose responsibility that is to address in detail I am not certain.

Mr Conway: Does that Cadillac have an effect on your Thunder Bay Sedan?

Mr Tocheri: Let's put it this way. If I refer to others as driving a Cadillac, it may be because the grass always looks greener elsewhere, but I am not at all apologizing for or quibbling about the rates we are paying our Thunder Bay employees. We will look seriously and we will expect our entire workforce to be responsible for 1992, 1993, 1994 and until we can ensure that ratepayers can manage the kind of cost increases that are being—

Mr Conway: But has the Ontario Hydro Cadillac affected your Thunder Bay Sedan?

Mr Hebert: In the past it probably did but, as you may be aware, now there are a number of utilities including our own that have a power lineman rate, which is a pretty standard one across the province, that is higher than Ontario Hydro's.

Mr Conway: I did not know that.

Mr Hebert: Yes, that is true. There are probably about a half a dozen or maybe even a dozen in the province that are higher. All the Metro Toronto linemen rates are higher than Ontario Hydro's now. That was driving Ontario Hydro during its last negotiations. But the situation is that the nuclear operators are now the top ones at Ontario Hydro.

Mr Conway: But your lineman rate is not higher than Ontario Hydro.

Mr Hebert: Yes it is. I just said that we are one of them.

Mr Jordan: To follow up on my colleague's line of questioning there, the operation, maintenance and administration budget of Ontario Hydro, as it is frequently referred to, has been criticized as having too much going into operation maintenance and administration. Taking into account your statements on average salaries in the utilities, how do you feel Ontario Hydro should be bringing that budget down? Do you think with the present state of the economy and the growth of the system they should be looking at a reduction in staff?

Mr Hebert: I will give my viewpoint first. I think that is certainly one way of doing it. They had a large Cresap study done a couple of years ago and the intention was to look at getting rid of redundant levels in management throughout the organization. I do not think much happened in terms of their total numbers. People were shuffled around but I do not think too much of a reduction took place. That has to be looked at. It has to be looked at in our field as well, the municipal utility field, to make us as lean and as mean as possible—so not just Ontario Hydro but the municipal field as well.

Mr Jordan: I have another quick question. Environmental hearings are going on at present regarding the 25-year demand-supply plan, now that the plan is basically being scrapped, if you will; it is going to be totally changed, as I understand it, because of the change in the

economy and the fact, as was mentioned, that Ontario Hydro in its plan used the word "current" quite often, saying its research department and other departments were seriously looking at other means of supplying electricity to homes and so on.

Do you have faith in the environmental division and research division of Ontario Hydro and do you really and truly believe they will come forward with what is best for the people in Ontario, or do you believe we have to interfere, from a political aspect, with policy directives, without research being done but just with a philosophy or feeling we may have, and impose that on the utility? How do you feel about that approach?

Mr Tocheri: First of all, I hope Ontario Hydro recognizes its responsibility for research to address and put out to the ratepayers of Ontario just what is the prospect for the future. Where are the white papers? Maybe they are existent. I think that demands a public education program and a public awareness program where we can, as citizens, address where we would like to see energy development in the future, that it is not suddenly going to be another Darlington, and here is where we are going, and X billions of dollars are somehow going to have to be paid. All of us in our respective levels have a responsibility to ensure that the public is aware of what the alternatives and opportunities are and put that out in advance.

Mr Jordan: If I might interject, in all fairness to Darlington, we tend to associate the problem with the fact that it is nuclear plant, when in fact the problems are mechanical: The problems are in the shaft, in the tubing and in other things not related to the fuel. I think we should keep that clear when we criticize.

Mr Tocheri: We could go back and add Bruce and Pickering as well, if you wish. The fact of the matter is that when future technology is put before the public for understanding, there have to be responsible cost projections. That is where we are developing a severe malaise with respect to the credibility of commissions, boards of directors and governments: We never, ever seem to be able to live up to our cost projections. Then we are not fulfilling our mandate responsibly.

If I hear of a new technology that Ontario Hydro is putting forward for the year 2010, then I not only want to look at the practicality and the ethics and the environmental considerations, but I must also very seriously, based on past experience, look at the cost projections, because the track record has not been anything I could depend on.

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Mr Hebert: If I could answer that as well, I support nuclear as the best current option, but I think that is going to be supplanted with new technologies by the year 2020. If I were still there—I would be retired by then—I would probably not have a job. There would be very few people working in our utility, as I see it. That was the point of our paper. The 25-year demand-supply plan was simply a document looking at the past and projecting into the future. What we need is a future-looking document and that, I think, has to come from you folks in the Legislature. Unfortunately, the federal government does not seem to want

to develop a comprehensive national energy policy. We need one. Let's do one in this province and get at it, and then I think you can have the proper kinds of plans.

New technology was looked at, basically, in that document. I wrote about that as soon as I got it because that is what I first recognized. All it did was take three current technologies and project them. That is not looking at the future. It is very difficult in this business, or in any business, with the way technology is developing, to develop a plan for 25 years down the road. It has to be a lot more flexible than what was looked at in the 25-year plan. I think that system should be scrapped. It is being scrapped for another reason, but I am wondering whether if the economy got going again we would not be back at the environmental table still going at the demand-supply plan.

Mr Jordan: Do you realize the degree to which that hearing is affecting the rates?

Mr Hebert: Sure. I know the costs from the Municipal Electric Association's standpoint, how much money we are putting in as an intervenor. I do not think it was done properly because I do not think the plan was the proper plan to bring forth. It takes the best, and I think when all things are said and done nuclear probably is the best current option. We like using "current." We are a current business.

Mr Jordan: I think Ontario Hydro did take it around the province and did give each municipality an opportunity to have input.

Mr Hebert: Right, but they were not going to change the basic direction of that plan. That is what I am saying: The basic direction is wrong. They took current and projected it. They should have been looking at new things such as superconductivity, what impact that will have.

Mr Jordan: Do you not think they are?

Mr Hebert: No. I wrote to them about it and they said no, that it is too new. Superconductivity is one. Cold fusion will be a fact; I think that will be developed. If I am right—I may be wrong; I am not saying I am going to be right—the need for distribution lines will not be there. We may get into electrical railways across Canada, which will mean electrical transportation in terms of rail car will be a lot faster and better. We may get a rail system back in Thunder Bay, in terms of passenger trains. All those kinds of things can happen. Those kinds of technologies are going to be here. They are just around the corner.

If you look to 2020 or 2015, as that plan did, I think a lot of those things will be in place. I see a smaller Ontario Hydro and maybe a lot smaller numbers in municipal utilities because there will not be the kind of delivery systems required. If we have fuel cells, area fuel cells or even in individual homes, we will not need a distribution system around so we will need less people to maintain it. As I said, I may become Murray Westgate, just giving you a fuel bundle as you come back to get it renewed. That is all I might be doing.

Mr Jordan: I feel the utility is much more aware of this than we could ever be internally through the Ministry of Energy. They have the expertise; we do not.

Mr Huget: Thank you again for your presentation. You do not look like Murray Westgate. I would like to make a brief comment on your references to Darlington, and indeed the connection between Darlington and the 11.8% or 12% increase in Hydro rates this year. I think you raised a very important point, and one that I think needs some clarification.

There is certainly a tendency on behalf of the opposition members of the committee, and perhaps others in the community, to lay the responsibility for that at the feet of this government. I think it is important to clarify that what we see now with Darlington and that \$13.5-billion cost is indeed the nuclear chicken coming home to roost on policy decisions that were made to proceed on a nuclear route far before we were ever on the scene. While it is an unfortunate situation, we none the less have to deal with it.

I wonder what your views would be on some of the new technologies and some of the different types of initiatives and their relationship to Hydro. I am referring specifically to the new energy directions policies of the current provincial government and that relationship with Hydro; in other words, if it is in the best interests of the public in Ontario to explore alternative energy sources and to indeed do the types of things you referred to a second ago in terms of looking at all alternatives.

With the amendments to the Power Corporation Act, which I think have been announced largely as a result of discussions with the MEA, which really mean we are not going to expand the mandate but indeed proceed in a direction within the mandate, do you see that type of connection and relationship between government policy and Ontario Hydro as being healthy and in the best interests of everyone in Ontario, or what recommendations would you have around that?

Mr Tocheri: Let me make an initial comment. I would not want anyone to leave this room thinking that the Thunder Bay Hydro management or commission is in any way laying partisan blame with respect to Ontario Hydro delivery. If there is blame, then the commission, as elected people, will accept its share of the blame. What we are saying is that there is a responsibility in Ontario Hydro to ensure that all reasonable efforts are made to research and develop alternative energies for the future, and that the public has a right to know that long before the economic feasibility studies are achieved so that we are growing in our understanding and appreciation of what those energy alternatives are about, what the implications are. If that had been done with respect to nuclear energy, I am not sure that nuclear energy would be here today. If that had been done universally, I am not sure it would be here today. Maybe we would have said as a provincial community, as a national community, as a world community that nuclear energy was not a serious alternative.

But today Ontario Hydro's mandate must surely include the responsibility to research, and by research I am not talking about seeing what somebody else has down around the country or the world. It is the biggest utility in Canada and probably one of the world's largest utility providers, so we obviously rate a research and development component. Let's hear from them responsibly and then,

before we agree to the go-ahead on development, let's be a lot more wary that we have responsible costing. My recognition of accountability, all partisanship aside, is that if you do not live up to your projections, then your head is on the block. I do not know whose head has ever been put on the block about the costs that have been delivered to Ontario ratepayers, but I would surely have expected that there was some serious accountability called for.

Mr Conway: I warn you that by that standard Adam Beck would not have lasted three months.

Mr Jordan: There would be a lot more unemployment than we have today.

Mr Tocheri: I would add that I do not think it responsible that Ontario Hydro should be expected to be in forms of other social responsibilities for this province. If this government, or any government in Ontario, feels it is a good community decision to do this or that, then it must be clearly addressable in terms of cost to electric power users, not to taxpayers generally. That is a responsibility of government, not of a utility commission.

Mr Huget: Briefly, again with the amendments the minister has announced in terms of making sure that indeed Ontario Hydro does not become another social assistance deliverer, if you will, and very clearly operates within its own mandate and no expansion of its mandate, would an amendment that contains enough language in that regard satisfy your concerns about the social-program aspect of Ontario Hydro?

Mr Tocheri: At this point, I would say that my view of the social component must clearly start with education to electric power ratepayers: understanding and, if you will, conservation. I believe we have a long way to go in achieving real gains, real economies through conservation. If those are social costs, then that is certainly my understanding of social costs.

I am very concerned about when we get into considerations such as whether we can keep a community viable by buying, establishing contract prices or agreeing to contract prices that then maintain a community. That is fictional. That will not last in the longer term. If that is a responsible social cost, it must be a cost addressed solely and completely by government, not by the Hydro commission, not by Ontario Hydro.

The Vice-Chair: I thank you for your presentation. As I have said before, we will forward the completed document to you.

Mr Conway: Thank Larry for some very good ideas.

Mr Tocheri: And do not forget our invitation to come back.

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JOHN STRADIOTTO

The Vice-Chair: Next I would call next Mr John Stradiotto. Please come forward for your presentation, at your leisure, sir.

Mr Stradiotto: Good afternoon, Mr Chair and members. Let me first thank you for the courtesy of giving me the opportunity to speak this afternoon. I have driven over

400 kilometres to speak to you and have taken a day away from my own self-employed business as photographer and guide in Quetico Park.

I am here from Atikokan and have no pretension to represent anyone else except my own family of four, particularly my two daughters, who are nine months old and five years old. I think we are talking for the most part about their future in these discussions.

I own Ontario Hydro bonds. The best credential I can have to come before you is that I consume power both in my home and as a separate property in my business. The focus I want to keep in my presentation is what is in the best interests of a consumer. Since I am consuming both in business and privately, I have a couple of comments to make on Bill 118.

I am not going to shoot from the hip. I am going to give you some background on where I am coming from. I have an ambitious vision. I believe, for what it is worth, that we can have negative growth in electrical demand in Ontario for the next 20 years. I think that is a possible goal.

I believe in energy ethics. I think Ontario residents are certainly less than moral when we look at the energy slobs that we are on the planet. I use that term not derogatorily in its worst sense but in its best sense, that we want to change. Morally, I think every citizen wants change.

I am a self-employed business person and I have a business ethic as well. I believe in market forces, as described in the earlier presentation, and I believe in competitiveness. I am in a cut-throat business. As a photographer, I submit images to an agency in New York and I compete with photographers from all around the world. This new stuff from the Porter commission is not new to me at all.

I believe in research and development and financial responsibility. I also believe in a social ethic, in the wise use of energy and getting out of life what is good, but not necessarily the good life. Jacuzzis and machines that cut up things in the kitchen were not what my mother used when I was raised as one of 11 children, and we turned out all right.

I also believe in common sense, doing what is easiest, what is cheapest, with flexibility to meet demands in the fastest and easiest way with the smallest capacity of energy put forward. That is how I survived with my business in northern Ontario when I came here in 1975, and we have made it. Our business prospered during the recession.

Generally, I support Bill 118. It is a step in the right direction. What is important, if you leave with any message, is that it is starting to create credibility when we hear these kinds of things happening. We have to return credibility to Ontario Hydro and its consumers. When I say "consumers," I am referring to consumers in the broadest general sense of the word because we consume air as well as power. When my children breathe, they are consuming Ontario Hydro just as much as switching on a light switch. If we want to talk about power as one thing over here, and social forces over here, and environmental over here, that is nonsense. My children consume Ontario Hydro in a multifaceted fashion and I hope that is reflected in what Bill 118 represents.

The key to planning in the 1990s I am sure will be credibility. Whether you are a politician or the head of Ontario Hydro you are going to have to have much more credibility. How we restore credibility with Bill 118 then becomes the significant question.

First, look at the issue of democratic accountability. Elected governments should give policy direction to Ontario Hydro. There should be no closed doors. Why? Because you need to change the behaviour of your consumers. You will not change the behaviour of your consumers without confidence and a sense of control and that sense of control will not come without credibility. You cannot get credibility behind a closed door.

No mandates are sacred. I hear from the Municipal Electric Association and others that we are diluting the mandate, that we are going away from what was intended for Ontario Hydro. If I were a Martian and landed here, I would say the mandate of Ontario Hydro was to create debt and waste as well as electricity. I would have a hard time knowing what the mandate was. Was the mandate to create waste runoff from coal mines or dust in coal miners' bodies and encourage that? Was the mandate to create tailings of uranium? Was that what was intended?

When we talk about going off from the mandate, it has always been off from the mandate as far as I am concerned. The mandate is a pretension. It is just a word on a piece of paper. What actually happened is what the mandate has been to date in truth and in fact. Criticism I have heard to date against Bill 118 is kind of weak. I hear scare tactics. I hear concerns about social programs being abused and used as a cash cow.

What about the Steve Roman uranium deal with Davis? How much more abuse can we have than we have had in our history, in truth? We are worried about future abuses. Look at the past track record. Give the other side a chance to punt downwind for a change. We have had the nuclear industry punting downwind up to this point. I think you get the tenor of what I am saying. We have had government subsidies to the nuclear industry since 1947, apparently up to \$14 billion if I am correct, something in that direction, yet we are told we cannot help somebody who has gas heated housing to do something that is beneficial to all of us. We cannot do that but we can give \$14 billion to somebody else.

Let's talk truth, not politics. In truth, these complaints of diversion of mandate or abuse of power or not giving subsidies to people who are not with an electrical service are complete nonsense when we start looking at the facts. Abuse always thrives in positions of power. You are not going to get away from that. You damn well know that better than I. Ontario Hydro's history is a history of power abuse. We would not be here today with our concerns and our debt and our waste if it was not. I do not run my business that way. If I did, I would be a shame to my children.

When we talk about the social programs at Elliot Lake, it is often thrown out as, "Look what they're doing," but that saved \$1.2 billion on potential losses on the contract in the first place, which was a scam from day one, a backroom deal.

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I will move on to fuel switching. I have just purchased a property and I do not know why Ontario Hydro cannot lease me a solar heater. That opportunity should have been given to me. In this day and age, with the technology available, with the intelligence available in this country, that should have been put in front of me as a businessperson, saying, "This is one of your alternatives." It was not. That is a crime.

Loans and incentives for conversion for water and space heating are absolutely necessary. Why? Am I going to play the game now of bringing my expert on technicality before your expert on technicality? We both know—it is obvious—that it is cheaper and the cheapness is significant. As a business person I say, "Do it."

Second, it is a cleaner environment: We are going to reduce acid rain.

Third, we are not going to bring on costly nuclear stations at a cost of \$20 billion or something. We are going to save 4,000, maybe 6,000 megawatts of power through conversion. Why should it be considered? If I was going to make that kind of saving in my business, I would be silly not to.

We are going to reduce peak loads because we are talking about space heating, which occurs in winter, the peak loading time as I understand it. The demand-supply plan that is currently considered has no business asking for expansion of capacity now, no business whatsoever.

Finally, the savings in the long run will go into the research and development the previous speaker spoke of, which we do not have enough of. This is a long-term view. This is not a three-year fix. We are in a big mess in so many ways.

I hear about market forces. The Municipal Electric Association talks about market forces encouraging a switch—"Let the free enterprise thing happen"—but it is not factoring the environmental costs into the bills. If you do that, if you take a cradle-to-grave analysis, give every cost, the social programs to miners for medical care and everything else right through to the end where they take care of the waste and it is returned back to its original setting as it was prior to entering that environment and put that bill on the tab, then we will see the market forces react. They are talking about false market forces. They have not factored the entire environmental cost into the bill. Therefore, the market forces are misrepresentative. That argument is entirely false. Bill us the real cost and the market will respond. That is the message.

If I can move on to building codes, I think that with Bill 118 we can restrict and discourage electrical space heating and water heating just as we discourage smoking and drunk driving—by embarrassment. Use Bill 118 to embarrass people. It works very well.

New government housing should not be done on electrical. It is done on electrical for the same reason they say market forces determine building design. Sure, because you are talking about a baseboard heater being cheap infrastructure, but the fuel is expensive. So what is going to happen? The market force really is reacting to the infrastructure, not the fuel. Then the man who sells the fuel

says: "It's cheaper. Look at the market forces." That is another lie. It is a false argument. Let's retain clear, succinct, morally sound, well-thought-out, comprehensive arguments if we are going to commit our tax dollars in our society to these things.

I do not see those arguments being made in a fair and realistic way in front of our family. Our six-year-olds in the next century will be disgusted with this record of performance. The person before us said heads have to go. If I were not here today, she would have a right to take my head off to. That is how seriously I see it.

The infrastructure is cheap but the power is not. We have to factor into the purchase the real marginal cost of replacing that power, to avoid long-term losses to the consumer. We have to plan for district heating where possible, so that a plant that may be having trouble with pulp and paper can produce heating for housing and get additional income from doing such without running to government—commercial cogeneration. All these things you are well aware of.

I have to see Bill 118 as of potential value and paying a premium for renewable energy resources when they are purchasing that power. Why not put a 15% or 20% premium on solar or something else? Why not give a loan incentive for my business? I have the perfect example. One house has access to gas; one house will never get gas because it is on an island. I am told by the Municipal Electric Association, why have customers who cannot get electricity, like my island, use their bills to help everybody else? No argument made me angrier than that. It is ridiculous. Nobody consulted the consumer. They are speaking for consumers; they are making assumptions. First of all, let us speak for ourselves. If we do not have access to electricity today, we still have lights. Do these people he is talking about not have lights? They have lights. Let us make our own speech.

What about the subsidies given to AECL through our general tax base? Then they say, "No, this is off the mandate." Money does not sleep in banks. Pension funds: We do not know whether my money in the Royal Bank is helping somebody out in Japan or in the United States expand. We have no idea. This business about Ontario Hydro's money going in the wrong direction is nonsense. That is happening globally depending on what is expanding where, if you really understand finances. Finally and most important—

The Vice-Chair: I am going to have ask if you could wind up, please.

Mr Stradiotto: I have 20 seconds to finish. We all gain environmentally. Job creation: Some 80% of construction in this province in the next decade will come from renovations. That renovation should be energy-efficient. People are spending \$1,800 a year as it is; let's use Bill 118 to work. Most homes are poorly insulated. They need mass retrofit of the structures.

Education: Every Hydro bill should be a short course in energy conservation, a subscription course to it, with reliable information on alternatives, which I cannot get. I cannot get good performance comparisons.

In conclusion, history is not a rerun for slow learners; I did not make that up. That came from someone else much brighter than myself. We need competitive efficiency right now. The nuclear industry has been something of a financial-debt meningitis. Spare my daughters—give me the financial pain now. Let the rates go up, but my bills will go down. The real cost would be if we did not act.

I thank you for your patience, and I welcome any questions you may have.

The Vice-Chair: I will allow one quick question from each caucus, starting with Mr Jordan.

Mr Jordan: I would like first of all to thank you for taking personal time away from your business and coming to give your individual views on Bill 118.

A quick question relative to the electrical load: You seem to be referring to heating as an ongoing part of your presentation. I wonder if you believe in air-conditioning of buildings.

Mr Stradiotto: For our part of the country?

Mr Jordan: Do you believe in air-conditioning for Ontario?

Mr Stradiotto: Not for northern Ontario; I cannot see it.

Mr Jordan: I am talking about the province of Ontario. I am talking about Ontario Hydro and Bill 118.

Mr Stradiotto: I do not quite understand the meaning of the question, to be frank.

Mr Jordan: The meaning of the question is that the peak of the utility is now almost becoming a summer peak due to the air-conditioning load.

Mr Stradiotto: I understand that, yes. But that is almost—

Mr Jordan: Do you believe in air-conditioning, or should we scrap it?

Mr Stradiotto: How does this relate to what we are saying here?

Mr Jordan: It relates to the requirement to supply the demand, which is no longer going to be the winter load; it is going to be the summer load.

Mr Stradiotto: You are saying the summer load will in the future exceed the winter load.

Mr Jordan: It may be right now. I do not have the latest figures.

Mr Stradiotto: And therefore that renders all the other statements I have made of no importance?

Mr Jordan: No. I just wanted to know how you felt about our supplying electrical energy for the purpose of air-conditioning. Do you see it as a necessity of life? Should it be discontinued?

Mr Stradiotto: If you are going to ask me a profound question, I am going to give you a profound answer. Let's do a comprehensive answer to this; give me the time to do it.

When we designed our urban centres, we designed them incorrectly. When we bring power, as we propose, from the north down to southern Ontario, we are aiding and abetting the destruction of the province by the expansion of urban centres, which are heat sinks. Our energy

policy should prevent that kind of expansion from happening or we are going to get this air-conditioning need.

Mr Jordan: Maybe that should come under the planning department rather than Ontario Hydro.

The Vice-Chair: I am sorry, Mr Jordan, I have to move on. We are running overtime.

Mr Stradiotto: In comparison to the health of my child, air-conditioning is insignificant. That is the short and quick and dirty answer.

1450

The Vice-Chair: A quick one from Mr Huget, and then on.

Mr Huget: I, too, would like to thank you for taking what has been quite a bit of time and effort on your part to get here. Unfortunately, coming from southern Ontario into Thunder Bay today, the last thing on my mind is air conditioning, so I will move on to a very general question. Do you think there is anything inherently wrong with Ontario Hydro being more accountable to the government of the day in terms of energy policy on things like efficiency and conservation?

Mr Conway: Do you think the sunrise is a good idea?

Mr Stradiotto: I think it is inherently wrong that any significant organization with the financial power and influence on the environment, such as this corporation, would not be responsible to the government. I think the question speaks for itself. The alternative is Yugoslavia. It is a democrat or it is not a democrat, in terms of how society's organizations function. Therefore, it must be accountable. We cannot see the convenience of a friendship-sweetheart deal in using the resources. It is just not tenable. You have to change the behaviour of the consumer, and that consumer needs to trust. He does not get that trust without control. That shift and that paradigm must be there; it is absent at present. You will not get me, the consumer, to do what is necessary to compete in the world as long as I do not trust you.

If we want to use air conditioning for a hospital or for the elderly or for people—it is the abuse. It is not, "Do you believe in this?" There are no black-and-white questions here. It is what is appropriate according to the circumstances, and will citizens sacrifice for the common good.

Mr Jordan: Freedom of choice.

Mr Stradiotto: Freedom of choice: If we have the freedom to annihilate ourselves by mutual greed, yes. If you wish to have that freedom, I will step in and say no, just like our soldiers did in the Second World War. I will stop at certain limits. There are no absolute freedoms. In fact, the freedom we have is to respond to the care and capacity of the environment. That is the only bottom-line freedom as animals; I have a shirt and tie on, but that is just a disguise. We are here and responsible to the basics of our biology, not to our political whims, corporate masters, the Japanese or anyone else. The bottom line is, in the history of the next century, my daughters will not be asking who discovered North America first, but can we breathe here. That is the bottom line.

The Vice-Chair: Thank you very much for your presentation. We will be forwarding a copy of the completed document to you.

Mr Huget: On a point of order, Mr Chairman: I noticed in the last hour or so that we seem to be getting into a habit of making interjections, one or two of them directed at witnesses. I hope we could better spend our time and not subject people who have come a long way to make a presentation to interjections and some of the less-than-courteous treatment we are subjecting ourselves to.

Mr Conway: I want to clarify the comment about the sunrise. It was directed at the questioner, certainly not at the witness. I was just observing that in the old days we would have called Mr Huget's last series of questions a sweetheart cross-examination.

The Vice-Chair: Thank you both, gentlemen.

ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

The Vice-Chair: Would the Association of Major Power Consumers please come forward? Could you introduce yourself for Hansard?

Mr Brown: My name is Terry Brown. I am director of administration, Great Lakes region, for Canadian Pacific Forest Products. Canadian Pacific Forest Products is a member of the Association of Major Power Consumers in Ontario.

We would like to thank you for the opportunity to express some opinions here this afternoon. I would like to give you an outline of our company. Canadian Pacific Forest Products operates two major pulp and paper mills in northwestern Ontario. We are very concerned about the potential impact of Bill 118 and, in particular, its implications for the future cost and supply of electrical power.

Pulp and paper, as I am sure you know, requires large amounts of reliable electrical power and low-cost power. It is essential to our competitiveness in world markets. Canadian Pacific has two complexes in northwestern Ontario, one here in Thunder Bay and one in Dryden, 200 miles to the west, employing more than 4,000 people in total. We require 200 megawatts of electricity, with a value of some \$60 million annually. This represents approximately 10% of our total product manufacturing costs.

Our concern for the future cost of power is increased greatly with some of the proposals in Bill 118. Areas of particular concern are the requirement for Ontario Hydro to carry out government policy directives, the issue of removal of directors' accountability, the changes to the issue of fuel substitution and, most important, the compromising of the principle of power at cost.

We are extremely concerned with Bill 118's proposal on the issuing of policy directives to Ontario Hydro that were not specifically related to Hydro's mandate and are encouraged that the government has announced that policy directives will relate to Ontario Hydro's exercise of its powers and duties under the act and not lead to an extension of those powers and duties.

Many individuals and corporations have over the years expressed the opinion that there should be some method of making Ontario Hydro more accountable to the ratepayers,

but the issuing of policy directives directly by the government, outside the legislative process, puts too much discretionary power in the hands of government and risks ignoring the expertise and advice of Ontario Hydro. We are concerned that the relationship between the government and Ontario Hydro will result in government domination on key matters at the expense of the ratepayers, who will have no input into this process.

Directors of Ontario Hydro are responsible for their actions, and it has been their duty to protect the interests of Hydro's customers. Bill 118 relieves the directors of this responsibility with respect to policy directives as long as they act honestly and in good faith. It is not clear how one acts honestly and in good faith when carrying out an order with which one does not agree.

With the ability of the government to impose policy directives on Ontario Hydro, the directors' obligations to the ratepayers are being compromised, as they are no longer obligated to act in the best interests of the ratepayers. They are also being forced to accept that compliance with the policy directives is considered to be in the best interests of Ontario Hydro regardless of what they believe. The directors' responsibility must be maintained.

Ontario Hydro's mandate is to provide power at cost and should not include the promotion or support of alternative fuels unless it has a direct positive impact on increasing the supply of electrical power or lowering the cost of power. For industry to maintain the lowest possible manufacturing cost, each industry and plant must manage its own total energy consumption and costs and have the opportunity, without inconsistent government intervention, to maximize its cost savings. By maintaining the power-at-cost principle, industry will know the cost components of its electrical power and can take its own appropriate energy-saving actions based on the economic factors involved.

Having Ontario Hydro finance fuel-switching programs which do not benefit electrical energy is extremely unfair to electrical power users who may not benefit from these programs and have to bear the cost of others doing so.

Power at cost is the principle on which Ontario Hydro operates and this principle must be retained if Ontario industry is going to be able to compete in other Canadian and international markets. Low or lower-cost power is the reason many industries have located in Ontario and one of the elements which, in the past, contributed to the lower cost of production for the pulp and paper industry compared to other Canadian and US areas. Recent cost increases such as the 11.8% increase on January 1, 1992, and forecasts for similar or higher increases in 1993 and 1994 are unacceptable and devastating to our industry. It is essential that these increases be reduced and that no additional costs are introduced by way of negative influences on Ontario Hydro.

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Ontario Hydro, at the request of the government, recently added significantly to the cost of power with social initiatives at Elliot Lake and Kapuskasing, which will result in significant increase in cost to all the power consumers in Ontario.

While both of these were cases of extreme need, Ontario Hydro is not the appropriate agency to have funded their programs.

Bill 118 permits the government, without the approval of the Legislature, to force Ontario Hydro into additional initiatives such as these, which will add to the cost of electrical power and therefore be paid for by power consumers rather than being paid out of government's general revenues.

You heard last week Canadian Pacific Forest Products' announcement of mill shutdowns in Quebec and New Brunswick. At this time, many of our mills are operating with a negative cash flow and this situation cannot be additionally aggravated by unnecessarily increased power costs.

The pulp and paper industry has been devastated with low prices and demand, a high Canadian dollar, massive environmental expenditures and increasingly obsolete facilities. It is vitally important that Ontario Hydro do everything possible to minimize increases in power costs. It is vital to the future of our industry and to the province as a whole that major industries are not forced to shut down as a result of increasing costs but are encouraged to reinvest and expand in Ontario.

While power costs in Ontario are no longer as competitive as they once were, it is essential that we do not become totally uncompetitive as a result of unfair costs to the power users. We believe Ontario Hydro must be able to maintain its mandate of power at cost and be encouraged to control the cost of electricity to support existing industry.

We request that you seriously consider our concerns in your review of Bill 118.

Mr Klopp: Thank you for your brief. There were a lot of things in here that I agree with and that I think this bill does. Page 4: Ontario Hydro financed fuel switching which does not benefit electrical energy. If it does have a place where it benefits, are you in favour of that?

Mr Brown: Yes, I think so.

Mr Klopp: I am too. I think this bill does that. Page 5: Elliot Lake and Kapuskasing. Unless I misinterpreted something, the significant cost, according to the way they figured that out, which was the old mandate and which they looked at—not even with Bill 118—it is supposed to save electrical energy, which is me in southern Ontario and you here. Frankly it is spread around, over \$1 billion. It did not cost; it is going to save over \$1 billion. Did I miss something or am I wrong in that interpretation?

Mr Brown: I think there is some debate whether it saved money or cost money, and I believe the cost side is where we are coming from.

Mr Klopp: It costs me for a new tractor, but if it saves me money in the long run or whatever, it is a saving. I was told there was over \$1 billion in electrical savings, period. Yes, it might have cost some money, but it saves a billion. We will have to argue that later.

In conclusion, you said here power at cost. I think everything has gone up in the 11% rate increase. I am on electricity because I was paid by somebody to get off oil

two years ago. All these costs were before Bill 118. You heard the previous person talking about subsidies and credibility. Do you not agree that some of these things he referred to are in Bill 118?

Mr Brown: The programs specifically are not in Bill 118, but with respect to the changes to the Power Corporation Act, the previous wording included the words "electrical energy" throughout that section. Now there are opportunities in there for energies other than electrical and not impacting electrical, from our understanding, that are included, or could be.

Mr Klopp: But it reduces the need for electricity. For example, down in Leamington I understand the company, along with some other companies, helped a cogeneration plant for a tomato factory, but that will save Ontario Hydro X million dollars, which will help me and my bill and will undoubtedly help you down the road, will it not?

Mr Brown: Yes. If it involves a saving in capacity for Ontario Hydro or if it reduces the cost of hydro, then it is an acceptable change. If it is strictly related to other fuels, we see no role for Ontario Hydro in that activity.

Mr Klopp: They went to propane to produce their own electricity. It saves the other side. I think that is what it does.

Mr Cleary: You mention your approximate cost is \$60 million per year for electricity for your two plants. The other thing you mention is about the plants closing in New Brunswick and Quebec. Will that assist you here in Ontario, that those plants have closed? Are you still having real problems in the pulp and paper industry? I am asking these questions because in the area of Ontario that I represent there is a Domtar plant and it is seen to be going through some pretty rough times at the moment and is not looking for any added costs.

Mr Brown: I can certainly tell you that the industry as a whole in Canada is in a desperate situation right now. If you are keeping track in the papers, you can see that we are just awash in red ink. Any additional problems that are going to aggravate our costs will certainly not help that situation.

To answer the first part of your question, the closures in Quebec and New Brunswick will assist our corporation as a whole but will not have an effect on our operations in Ontario. The operations in Ontario have to go through the same kind of review, and we are going through all kinds of cost-reduction programs at the present time and have been for the past year, and they will continue for some time. We have a very difficult situation right now because prices are down, the Canadian dollar is high and we are at an extreme disadvantage with our international competition, which is becoming more and more competitive with Canada. We are not doing as well as even our neighbours in the United States, so we have a long way to go.

Mr Cleary: I guess what I was trying to ask, and maybe I should have, was for you to compare your hydro costs in Ontario to the Quebec hydro costs in 1992. How would they compare?

Mr Brown: Ontario costs are higher than Quebec costs. In fact, Ontario costs are, I think, very near the top of provincial power costs in Canada. We are becoming a high-cost power province.

Mr Conway: If I could just ask on that specifically, do you know this year roughly what is the differential between power purchased in Ontario versus power purchased in Quebec for, say, 1991? Do you know what the differential is there?

Mr Brown: I am afraid I do not know what the differential is. I know Quebec is lower than Ontario but I do not know exactly what it is. Competing in the pulp and paper industry, we know that Alberta and British Columbia are also lower than Ontario and they are other key producing regions.

1510

Mr Arnott: I read on page 1 of your brief that Canadian Pacific Forest Products uses 200 megawatts of electricity and pays \$60 million a year for it. That is quite a significant amount of electricity to be using. I am not suggesting you are in any way a glutton, but that is a significant amount of electricity being used.

Given that this is 10% of your total manufacturing cost, I would think you would have a very serious interest in keeping efficiency at a peak. One of the underlying assumptions of this bill is that major power users have a great deal of room to further enhance their ability to conserve. Have your facilities taken steps in the last five years, say, to decrease power usage?

Mr Brown: We certainly have. I might say just in beginning that in some cases you are not always reducing your power, because as you modernize you may have to go up, such as we did with our new thermomechanical pulping plant that has just started up this year. But we have been involved in energy reduction programs for the last several years and we are still working very hard on these. It is a big cost number. Since you pick off the easy savings first, you get a little less savings as you go along. There are still quite a number of savings and a lot of them using Hydro's incentive plans have been very helpful to us. Hydro has been very helpful. We think its service and so on in this regard has increased quite a bit in the last couple of years. We are a big user of incentive plans and are making a lot of savings.

Mr Arnott: Would it be very much a fallacy to suggest there is more you could be doing to conserve energy in your plants?

Mr Brown: I am sure there is more and we are doing it.

Mr Jordan: I would like to thank you, Mr Brown, for your presentation and bringing to the fore for this committee the problems that in perhaps a smaller way I am experiencing in the riding I represent, Lanark-Renfrew, in that it is the edge of the knife now on the cost of hydro relative to your type of operation, which is basically going to put them out of business.

On page 2 of your presentation you say you are relieved that the Minister of Energy has amended Bill 118 to

the extent that the policy directives will be within the mandate of Ontario Hydro. But do you not feel that the mandate of Ontario Hydro is being changed by Bill 118, in that the bill states, "The directors shall ensure that policy directives are implemented promptly and efficiently," and that they shall not be accountable in having them implemented, even if, as you say, they disagree with them?

The other part is that it used to say the conversion of a space heating to an electrical space heating system. Now it reads, "The conversion of a space heating system to a system based on the form of energy that would result in the greatest energy conservation in the circumstances." This is a wide open field that the Ministry of Energy is now putting on to the Hydro bill and it should come out of maybe the Ministry of Industry, Trade and Technology or something, certainly out of the general fund, not on my Ontario Hydro bill. Do you see that as a change of mandate, even though the directives are going to be within the new mandate?

Mr Brown: Yes. They have said they are going to keep the directives within the mandate, but you are right that by removing the word "electrical" from the fuel substitution section, it certainly appears that we are looking at all forms of energy, or many more forms of energy than just electrical power. We would like to see Hydro's focus be maintained principally on electrical power so we will then have a choice in making our decisions between power and any other fuel. We should not be mixing up these things.

Mr Jordan: We are doing audits on buildings now, if I may say so, regardless of the fuel, and taking the responsibility and the time and the expertise to do it regardless of what energy is in there, but the cost of doing it is on the Hydro bill. It does not affect the gas bill. It does not affect my neighbour with oil, yet they came to his house and told him how to make it more effective energy-wise.

I say, let these other fuels participate in this conservation bit. Let them pay part of the price. I had a meeting with the vice-president of marketing for Imperial Oil. They explained to me that they would be only too happy to share in the cost of conservation but were never invited to do so. I suggest that this responsibility should not only be on the Hydro bill. I agree with conservation, but why are we holding Ontario Hydro responsible? The Minister of Energy speaks as though we only have one energy in the province until it comes to switching fuels. I am saying, let all three accept the responsibility.

Mr Brown: We would be only too happy if it would result in a lower power cost.

Mr McGuinty: Mr Brown, I want you to tell me a bit more, please, about the electricity costs in the forest products industry. Is that the kind of average, that electricity costs about 10% of your total operating costs?

Mr Brown: That is all the products we produce in northwestern Ontario, and it varies quite a lot from one to another. Thermal-mechanical pulping uses large, 25,000-horsepower motors for making newsprint, so that is a very high percentage. Kraft pulping is a much lower consumer. So that is an overall average there.

Mr McGuinty: One of the arguments people make quite regularly today is that we should be taking advantage of all energy conservation techniques. For instance, in your production, have you implemented any conservation techniques, energy efficiency programs of any kind?

Mr Brown: Yes. We have done that constantly over the years, reduction of fossil fuel costs. We burn very substantial amounts of bark, sawdust, shavings, that sort of thing. We also generate a big amount of our own power. Approximately 30% of our power we generate from steam that comes from those sources. We are involved in many of the programs supported by Hydro for efficient motors, numerous programs. It has been ongoing for years and will continue.

Mr McGuinty: How much is left to be done, do you think, in terms of just your own operation? From my experience and from hearing from different people, I have come to understand that most people manufacturing have explored most alternatives and taken advantage of almost everything that will lead to greater energy efficiency, as long as it is within their economic means and the payback period is not too long. From CP Forest Products' perspective, how far have you gone? Do you feel you have gone as far as you reasonably can? Are there more inroads still to be made in terms of cutting down your electricity costs?

Mr Brown: We have come a long way, and I think it is fair to say we have picked off the easier ones and the larger ones first, but there are still a lot of savings to be made and we are working on those.

Mr McGuinty: Where would your main competition be located? In the United States?

1520

Mr Brown: Yes. I guess in the pulp business our competitors are mostly from Canada and Scandinavia, in the quality of pulp we produce. The American South and lately Chile are coming on very strong in the pulp business. Chile is perhaps the lowest-cost producer that has entered the marketplace recently, so it is becoming a major force.

In newsprint, our competition is about half from the United States and half from Canada. We are fighting an uphill battle there with the recycling issue. We have put in recycling ourselves here, but so many of the American mills are much closer to the source of the waste paper. So we are looking at a further disadvantage as the world goes to more recycled fibre for its newsprint.

The Vice-Chair: I believe we have exhausted the time and then some, so we will leave it at that. Thank you very much for your presentation. It has been most insightful from the perspective of the large users. As with everyone else, we will be forwarding a copy to you when all is said and done here.

I believe the next presenter on the schedule is Mr Tom MacDonald from the Canadian Oil Heat Association. He is not here yet.

Mr Conway: Perhaps the parliamentary assistant could favour us with a short address.

The Vice-Chair: How be it if we call a short recess, at which time we might be able to stretch our legs. We will give Mr MacDonald until 3:30.

The committee recessed at 1522.

1541

The Vice-Chair: I am going to call just once. Is there anyone here from the Canadian Oil Heat Association? Hearing nothing, we will stand in recess until 7 pm.

The committee recessed at 1542

EVENING SITTING

The committee resumed at 1907.

ENVIRONMENT NORTH

The Vice-Chair: I call proceedings on the hearings on Bill 118 to order and ask that Environment North come forward and take a spot at the table. Please introduce yourself for the sake of Hansard and the members present.

Mr Bryan: My name is Mike Bryan. I am the chairman of the energy committee for Environment North. I would like to thank the committee for the opportunity to speak to you today. It is a pleasure to be here.

For your information, Environment North is a locally based environmental group. We have approximately 300 members, mainly in Thunder Bay and some of the smaller communities in northwestern Ontario. I am the chairman of the energy committee. I do not claim to have any real expertise in this field. I will not pretend to have that, but I hope we bring some common sense at least to the questions you are dealing with.

We will be talking only about fuel switching and not the other aspects of Bill 118. As environmentalists, we certainly approach this from the point of view of what is good for the environment. We think fuel switching does offer considerable potential in that area, first, by reducing peak power demand in the winter months and by reducing base power requirements as far as water heating is concerned, which goes on all year, of course.

We think the environmental benefits of that are fairly obvious, through more efficient use of fossil fuels. I am sure you are aware of the statistics here that high efficiency gas, for example, is 93% efficiency, as compared to coal-generated electric heating which would run at approximately 30%. You get much more bang for the buck; you get a lot more BTUs for the fuel inputs, if we go that way. Of course that also means less fuel will have to be used and less emissions of greenhouse gases.

Second, cleaner fuels, basically: Gas, even per volume, is a cleaner-burning fuel. It has less carbon dioxide emissions—something like half as much as coal—and of course considerably reduced sulphur dioxide emissions.

The other thing I would like to mention is that we hope there will be some opportunity to switch, in some areas at least, to solar and biomass energy. Again, there are real environmental advantages there. I think there are also some fairly obvious economic benefits to customers who switch to gas or biomass or whatever. They are the major recipients. I have one statistic here from the Ontario Ministry of Energy which suggests that high efficiency gas is 65% cheaper than electric heat. Obviously, the major beneficiaries in an economic sense are the people who are doing the switching themselves. I think it is important to note, though, that all customers can benefit. Inasmuch as we can avoid the need for new generating facilities, that will hold rates down. I would like to deal with that in a little more detail, if I can.

Environmental groups have estimated there are 6,000 megawatts to be saved through fuel switching. That is

probably an optimistic view, granted, but nevertheless there are very substantial amounts of electricity that can be saved. Just put that 6,000 megawatts in comparison with Darlington, which is around 3,500, and you get an idea of the potential here. You also have to consider the expense of Darlington: \$13.5 billion. Obviously, if we can avoid in any way an expansion of our electric generating capacity and our transmission system, we should do it because it is going to save all of us a lot of money in the long run.

Part of the reason the rates are going up now is because of Darlington, and they will have to go up even more when the next station is built, if and when it is built. Obviously, Hydro bases its rates upon average power production. The incremental costs of places like Darlington are much higher than average and are just skyrocketing our rates. We should do anything we can do to avoid building another Darlington.

Another economic factor here, of course, is that by fuel switching we can avoid peak power use. Peak power is one of the more expensive types of power because you have a facility sitting there unused for the better part of a day. If we can avoid building that sort of station, we should.

Why should we have incentives? If this is such a wonderful idea, if it is economically beneficial to the people who are switching, why do we need incentives?

First, fuel switching is of benefit to all of us. That is the point I just made: If it holds down rates, we all gain, every customer in the system is going to gain. Therefore, it can be justified in that sense.

Second, the environmental advantages of fuel switching, which I have talked about in a little detail, accrue to society as a whole. They do not just go to the person who is doing the switching; they go to everyone. Therefore, society as a whole has an interest in encouraging fuel switching.

Last, and I think this is fairly important, unless incentives are offered, the householders are going to be looking at some capital costs up front in order to achieve that fuel switching. If we can use some incentives to get them to make that decision—I am not an economist. I certainly do not know what level of incentive is needed. I would not pretend to know that. I do know that an incentive works in the stores; it should work for fuel switching as well. Obviously the more leverage we can get on those incentives, the better for everyone, but nevertheless, incentives themselves make sense.

We would like to see a fairly aggressive program of fuel switching. We think it should certainly include public education programs to let people know about why they should switch: both the environmental advantages and the cost advantages to the consumers themselves. We would also like the fuel incentives to be in place. We would not shy away from regulation in certain cases.

Regulation, I think, is not desirable if it can be avoided, but there are cases where it may be necessary. I would like

to give you two examples where we think it might be useful.

First of all, in the case of public institutions of whatever sort, be they community centres, hospitals or university buildings, fuel switching represents a capital cost, but it also represents a saving on the operating budget. Those are two different pockets. Quite often it is very difficult in an institutional setting to free up the money for those capital costs, even if it is going to represent a saving on the operating side. It may be necessary in some cases to say, "You have to do this." In the long run it will save the institution money, but getting over that hurdle of finding the money in the capital expense pocket is the problem and it may be necessary to use regulation.

Another example where regulation might be necessary—I stress "might"—is in the case of tenants, who do not own the building. The landlord does not have any particular incentive to make the switch, because he is not paying for the electric heating. That burden falls on the tenant himself. The tenant does not have the choice of making a switch, so it might be necessary in that sort of case under certain conditions to regulate that switchover. I think incentives should still be available in that case, whether it is regulated or not.

How much should Hydro spend encouraging people to switch? Just using the Darlington case as an example, they are spending approximately \$3,700 per kilowatt in order to provide the power from Darlington. It follows, using the estimates provided by Ontario Hydro, that it should be willing to spend up to \$3.2 billion on fuel switching just for gas conversion in the residential sector alone. That gives you an idea. I base that figure on Hydro's estimate that fuel switching to gas in the residential sector could save from 870 megawatts to 2,120 megawatts. I use the low figure and multiply that times the cost factor for Darlington and come up with \$3.2 billion.

I am not suggesting for a moment that Hydro should spend that much. If we can possibly get away with less, we certainly should, but that is what the next Darlington is going to cost us and that is what we should consider spending to encourage fuel switching just for gas and just in the residential sector.

We would like to see fuel switching tied to other programs to achieve the maximum possible environmental benefits. I think that is very important. If the taxpayer is going to pay part of the shot for this through incentives, the taxpayer should try to get the most bang for the buck in terms of protecting the environment.

We think conversion to gas should be done where feasible and, if incentives are going to be given, the person receiving the incentive should be required to use high-efficiency gas furnaces. Where conversion to gas is not possible, we would also look at wood, certainly biomass. That is a viable option in the north. It may not be in southern Ontario, but certainly in the north it is very viable, particularly in some of the smaller communities. We think the incentives should also be applied to that sort of biomass.

Other fuels, propane and oil—only where gas or biomass is not viable, but we still think the environmental benefits and the economic benefits would make it worth

while to provide those incentives. We would like to see those incentives tied to energy audits. If you want to convert, you have to have an energy audit done on your residence or your place of business and you have to comply with the major recommendations of that energy audit.

Certainly I hope there would still be incentives available for doing some of that work, for example, weatherstripping, caulking, insulation, whatever. I think it would be quite legitimate for Hydro to provide some degree of incentive for that work also.

In the case of water heating, if there is going to be an incentive to encourage people to switch, those people should be asked to buy a water heater insulating blanket. Again, we should get the most bang for the buck in terms of the environment.

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One question that arises, and this may be slightly out of your area, is future demand. What do we do about it? It is all very well to look at incentives for switching for people who are already using electricity, but there is still a lot of demand out there in the future. What are we going to do about it?

Hydro has estimated that presently 12% of the residential heating load is coming from electricity and that is expected to rise to 18% by the year 2005. That was in the demand-supply plan. Those figures may be somewhat out of date because of course the price increases have gone in since then. Nevertheless, there is a lot of demand out there. What are we going to do?

The reason for the demand is fairly obvious. From the builders' point of view, they want to avoid the upfront capital costs. We should be willing to simply proscribe the use of electric heating in buildings where gas is available. That is something we should not shy away from. It is to the benefit of everybody and I think we should be willing to take that step.

Another possible way, if you do not want to go the mandatory route, is to charge a hook-up fee for new electric heating. That would be based upon the per-kilowatt capital costs of Ontario Hydro's costs for new generation and transmission facilities.

British Columbia Hydro has already taken that step, at least in the rate application. They are now talking about charging a hook-up fee of \$1,700 per kilowatt for new heating systems. In other words, if you want to build a house and you want electric heating and gas is available in your area, you are going to have to pay \$1,700 per kilowatt to hook up your system, because that is really what it costs Ontario Hydro to supply your power.

If I can quote from Robert Franklin, the former president and CEO of Hydro, "If a builder installs 15 kilowatts in electric heat in a house in Ontario, Hydro has to spend \$50,000 to build the capacity to keep that house warm." That is not a cheap heating system. As it is not a cheap heating system, the person who is getting that heating system should foot the bill.

The last item I would like to deal with is municipal utilities. I am quite cognizant of the fact that utilities are concerned that if demand drops their fixed costs are going

to be shuffled on to a smaller load base and rates will have to go up as a result. That is a concern.

It is particularly a concern here in the north where loads are fairly static or even dropping compared to southern Ontario, where there is still some growth. What do we do about it? I do not really have a quick answer for you but I would like to point out one thing. While the rates may go up, the total fixed cost paid by the customer is not going up a cent. In other words, Thunder Bay Hydro's cost of operation is not going up a penny. Customers, in total, are not going to be paying any more. What is really going to be happening is simply a shuffling of the rates so that some people will pay a little less, some people a little more, but the total cost to customers is not going to go up if you look at customers in aggregate.

Second, that is simply fixed costs. If you look at consumption cost—the amount of power that is consumed and the amount paid for it—under fuel switching, that should go down considerably.

As far as Environment North is concerned, the bottom line is that fuel switching will save customers money, particularly the customers who do the switching. But I think the system as a whole will benefit and customers as a whole will benefit if we can stop building new plants. Of course, very important for us, the environment will benefit. For us, that is the bottom line.

Mr McGuinty: I understand the new legislation, Bill 118, if it became law, would permit Hydro to subsidize people switching off electricity to heat their homes with oil. This brings into question for me the environmental considerations here. If we are switching off electricity and going to oil, it seems to me that we are going to cause more damage. Do you know the percentage components that go into producing a kilowatt? If we think of Ontario as one massive grid and I flick on a light switch somewhere, how much of that kilowatt is produced by nuclear, how much by hydraulic and how much by coal-fired?

Mr Bryan: I know the major component is nuclear. I believe it is somewhere in the range of 60%. However, the point about space electric heating is that it is primarily peaking power, and peaking power is predominantly fossil fuel. If you are talking fossil fuel in Ontario, it is mainly coal. I do not have the exact breakdown for you. I think you would have to do a proper audit and see exactly when those heating systems were operating and then break down where the power was being supplied, but I do know it is definitely tilted towards the fossil fuel end of the spectrum and towards the coal end of the spectrum.

Mr McGuinty: With that in mind, do you still think it is environmentally beneficial to switch to oil from electricity?

Mr Bryan: Yes. There are a couple of factors there. I think the major one is simply efficiency. An oil furnace in your home may be burning at perhaps 60% efficiency, whereas coal, by the time it boils the water and runs through the generator with transmission losses, runs at about 30%. It is at least double efficiency for the oil system, so you are obviously getting a lot more BTUs for the input.

Mr McGuinty: Energy Probe makes the argument quite regularly that the single strongest motivational force is the market force, that if we are going to get people to switch from one fuel to another, we should let the market play itself out. In fact, that is what prompted me some six months ago to switch from electric heating to natural gas. I gather you disagree with Energy Probe.

Mr Bryan: No, I agree with them to the extent that market forces are extremely powerful. However, I think you have to look at the fact that Ontario Hydro is not operating on a market principle right now. They are charging average price for their power. They are actually losing money on what they are producing at Darlington because they are charging the average price for the Darlington power as opposed to the incremental cost. They are losing buckets of money on Darlington. If we jacked up the hydro rates to the incremental cost of production, you would be looking at an immense hydro cost, and I think people would be fuel switching so fast that you could not keep up with it. The fact is that Hydro right now is not based on that system. It is not operating on a completely market system right now, so that distorts the whole picture.

Mr Arnott: Thank you very much for enlightening us with your views this evening. I have looked over your comments and listened to you. I understand that you are a fervent advocate of the fuel-switching concept, but I do not understand why you think Ontario Hydro or municipal electrical utilities should be forced to pay for it. I would like you to answer that if you could.

Mr Bryan: I am speaking strictly about Ontario Hydro. I do not think it is a matter of being forced to pay for it; it is that it is to Ontario Hydro's advantage to encourage it. Obviously they are looking at growth, and in the DSPS they are looking at substantial growth over the next 25 years. Anything they can do to discourage that growth, anything they can do to avoid building new Darlings, is in the interests of the customer, all customers, because of that incremental cost factor. Particularly if they can use leveraging to get the customers to make part of the investment, and Ontario Hydro makes part of the investment and possibly the gas company makes part of the investment, it is terrific; it is a good deal for Hydro.

Mr Arnott: Some witnesses have come forward and indicated that the unit cost of hydro will be changed, and not to the advantage of Hydro. How would you respond to that?

Mr Bryan: Could you clarify that a bit? I do not understand.

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Mr Arnott: The unit cost of hydro, given that if fuel switching is successful there would be less hydro used, but because of the fixed costs that are inherent—you have talked about fixed versus, I believe, variable costs. Have you done any calculations which prove that point?

Mr Bryan: Certainly the fixed costs of a municipal system are still going to be there. They will be borne by a smaller base. That brings up a rather interesting point about the rate structure itself. Perhaps the way we have

been doing it for the last 30 years has been quite inequitable. I think it would be a very commonsense approach to break out those fixed costs on the hydro bills, because whether it is a large consumer or small consumer, you still have the same metering costs, you still have the same line costs in terms of connecting, you still have the same administrative costs, you still have the same billing costs. In other words, the fixed costs are virtually the same for a small consumer and a large consumer.

Perhaps we should be breaking out the hydro bills in a different way, as is done with gas, as is done with the phone bill, so that there is a fixed service charge on your hydro bill to cover the basic connection cost. That would be basically the municipal electric cost. Then on top of that there would be a consumption charge which would basically be a pass-through of Ontario Hydro's charge. I think that would be a much more equitable way of doing it and make sure that people really do pay for what they are getting so nobody is subsidizing anyone else.

The other point I would like to make—I will just reiterate this; I made this point before—is that while there is going to be a reshuffling of the rates and some people may pay a little more and some people a little less, the total fixed costs of that electrical system are not going to go up one cent.

Mr Huget: Thank you for a very informative presentation. Speaking about oil and gas fuels in terms of substitution for electricity, I think currently gas runs about a third of the price of electricity. What would be your sense of what is going to happen to gas prices, and what do we do if at some point in time gas becomes more expensive than electricity? Do you see that happening?

Mr Bryan: I wish I knew. I would be playing the stock market a whole lot more if I had a good idea what was going to happen with gas prices.

Mr Huget: Is it likely to happen? I will put it that way.

Mr Bryan: I think we just have to go on the estimates we received from the National Energy Board and the Ontario Energy Board and people of that sort. Certainly there is a gas bubble at the moment and prices are actually going down, I think to a lot of people's surprise. In the long run, the long run being 10 to 15 years, the expectation is that gas will go up more slowly than electricity or, at worst, be even with electricity, but the expectation at the moment is that it will not go up faster. I wish I had a crystal ball; I do not know.

The Vice-Chair: Thank you for your presentation. We appreciate it. I will definitely be letting you know the outcome of all this.

Mr Bryan: Thank you very much, again, for the opportunity to present.

KAMINISTQUIA NEIGHBOURHOOD ACTION GROUP

The Vice-Chair: The next presenter is Kaministiquia Neighbourhood Action Group. Maybe Mr Ramsay can tell me if I pronounced that anywhere near correct.

Mr D. Ramsay: My name, or the place?

The Vice-Chair: The place.

Mr D. Ramsay: You have my name correct, and it is Kaministiquia.

Good evening. It has been a long day. I hope what I have to say will interest you. If it is controversial, maybe that is good, given the time of night.

I am a member of the Kaministiquia Neighbourhood Action Group, which is an organization that came together this past year to question and oppose a proposed 500-kilovolt hydro transmission line. The route, which is a part of the Ontario-Manitoba interconnection project to purchase electricity from northern Manitoba, would have disrupted a rural residential area that has already borne its share of transportation corridors.

My attempt to be involved in the decision-making process has led to my interest in Bill 118 and its implications for public accountability and fuel switching. I present the following information and concern on my own behalf, because time and limited resources did not permit me to consult with the 500 people in my neighbourhood who submitted their opposition to the proposed transmission line. I guess I should thank Hydro. It gave us an opportunity to get to know our neighbours and celebrate a small victory.

My understanding of Bill 118, An Act to amend the Power Corporation Act, is that it is meant to address two major issues: first, to address the accountability of Ontario Hydro to the government, and second, to allow the corporation to promote fuel switching.

I agree with the intent of Bill 118, which I see as a moderate beginning to seek the changes that are needed to ensure Ontario Hydro provides energy services at the lowest cost, while minimizing damage to the environment. However, it does not meet the public's need for more democratic control over Hydro policies. It is apparent from all the recent changes in governments internationally that people's expectations for institutional accountability can only be ignored with perilous results for those who wield and hoard power. Bill 118 needs to be emboldened to permit more public involvement in Ontario Hydro's and—I would add—the provincial cabinet's energy decision-making.

The task force on Hydro inquiry in 1972, the advisory committee on energy in 1972, the McKeough report in 1973 and the Porter commission in 1975 have all recommended that there need to be opportunities and methods to permit more public involvement in Ontario Hydro's decision-making.

The current opposition in the Legislature has stated publicly its support for accountability. Former Liberal leader David Peterson said in March 1984 that there was a pressing need to make Ontario Hydro more accountable to the public it is obliged to serve. Vince Kerrio, in a statement to the Toronto Sun on December 30, 1984, was quoted as saying Hydro was a runaway monster.

From my vantage point as a taxpayer and an Ontario Hydro customer, there are a number of reasons why I think the public has the right to be involved in decisions involving energy production, conservation and expenditures. I view the modest provisions of Bill 118 from this context.

First, Ontario Hydro accounts for 85% of all capital costs in the province of Ontario. It has incurred a debt of \$30 billion, which results in \$375,000 per hour in interest payments. The public that is responsible for paying this debt should have some influence in controlling its future increase.

Second, questionable decisions seem to have been made on inaccurate projections for both peak and reserve demand. In 1975, Ontario Hydro's peak demand projection for that year was 140,000 megawatts, when the actual demand was 16,000 megawatts. Although the estimates have diminished, it was not until 1983 when they were no longer double the actual use. These gross inequities are also reflected in project costs. Darlington began as an estimate of \$2.5 billion. To date, it has cost \$13.5 billion, and two reactors, when started, required \$500 million in repairs.

Third, "Scientific evidence produced by British, United States and Canadian studies have shown increased health abnormalities in childhood leukaemia, pulmonary disease, diabetes, Down's syndrome and asthma to have occurred in the vicinity of nuclear reactors." This is a direct quote from the book called *No Immediate Danger: Prognosis for a Radioactive Earth*, by Dr Rosalie Bertell. Dr Bertell, a cancer research scientist who specializes in studying the effects of low-level radiation, has suggested that escalating radiation levels have to date caused 16 million casualties.

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Fourth, in the event of a nuclear generator accident—I know, it is never supposed to happen, but in the event that an accident occurs—the compensation Ontario Hydro has to pay to victims is limited by the Nuclear Liability Act to \$75 million, even if Ontario Hydro is found responsible and even if it wilfully falsifies safety documents. I find this astounding. What private insurance company offers benefits in the event of radioactive contamination? I know mine does not.

Why then has Ontario Hydro been permitted to build new reactors in a densely populated area when the tremendous costs already experienced by the Chernobyl debacle are irreparable? In the case of the 10,000 people who are already dead, the 640,000 people who are displaced, the 100,000 patients at the Kiev Radiological Health Medical Clinic who have reported physical changes, when these changes are uncompensable why have we permitted this to occur and continue?

Fifth, in 1989 the Minister of Energy, a member of the Legislature who, as you know, sits in this riding, approved the Ontario Hydro request to sell tritium to United States pharmaceutical firms. This deadly byproduct of nuclear generation has a unique and irreplaceable role in nuclear weapons development. It serves as the trigger to the detonation of the bomb. Although it has a role in medical procedures, Ontario Hydro's plan to produce 2.5 kilograms a year far exceeds the worldwide benign use, which only needs 15 grams. Once this deadly substance is shipped outside Canada, despite the most stringent controls, there can be no guarantee for its peaceful use. Up to 40% of US tritium shipments sold to two British companies were

discovered to have gone missing. This is quoted in an Energy Probe report.

Spokespersons from the Federation of American Scientists and Scholars, the Center for Defense Information, which is staffed by senior retired military officers in the United States, and the Natural Resources Defense Council have concurred that any export of tritium by Ontario Hydro, even to civilian customers, would permit the construction of an additional 100 nuclear bombs. I have documentation of their opinions to be forwarded to you with this brief.

Sixth, in October 1988, Ontario Hydro and the Atomic Energy Commission of Canada jointly offered a course in safe tritium handling to four United States firms that primarily manufacture nuclear weapons. These are the Livermore, the Sandia, General Electric and Westinghouse labs. This took place in Toronto. Only after the course was held and the public aroused did Ontario Hydro withdraw from further projects, but only after the public had become aware of what was going on.

Seventh, Ontario Hydro currently produces 60% of its electrical generation through nuclear power. In its 1989 report, called *Providing the Balance of Power*, it recommended the construction of 10 new nuclear reactors. Instead of being bombarded with images of nuclear medicine, would we the public have agreed to allow this dependency to have been created if the total picture of what nuclear power means had been presented, if we were aware that nuclear power residues pollute for 250,000 years, that the uranium mine tailings created to feed our reactors would cover the Trans-Canada Highway from Victoria to St John's two metres deep, that there is no scientifically proven safe method for permanent disposal for spent fuel rods that will be radioactive for 500 years, that the construction and the decommissioning costs for nuclear power plants far exceeds the value of the electricity created? The first Ontario reactor, for example, at Rolphton, which is 1/36th the size of the four at Darlington, annually costs Ontarians \$12 million to produce the equivalent of \$3 million worth of electricity.

Eighth, the development of nuclear power is undemocratic. Although Gallup polls report that support for nuclear expansion has decreased from 46% to 16% between 1978 and 1988, Ontarians, up to the present demand-supply hearings currently being held, have never been consulted as to whether they want nuclear power. There has never been a public inquiry examining all the consequences of the nuclear fuel cycle.

The permission of the people residing in municipalities where nuclear reactors have been built has never been sought. No public hearings regarding fuel rod waste disposal sites have ever been held. The environmental hearings at Darlington were waived before the reactors were built. Radioactive emissions from the nuclear power cycle are exempt from all environmental protection regulations.

People rightly applaud the democratic reforms in Eastern Europe, but were we told that the rise of democracy there and the concern for economics led to the cancellation and the closure of 25 nuclear reactors? Even the repressive

government in China cancelled 8 of the 10 new proposed plants.

Ninth, all contracts signed by Ontario Hydro should be open to public scrutiny and input. The 40-year contract between Ontario Hydro and Denison and Rio Algom mines in Elliot Lake to purchase uranium have been reputed to contain guarantees regarding profits. The amendments in Bill 118 should disallow any future government from signing a private contract by ensuring that government directives are made public at the time of their issue.

Tenth, it is infuriating, as a member of the public, to see federal politicians spend our tax money equipping their personal residences with furniture, carpets and accessories generally economically unavailable to the public. When this practice is duplicated by the Ontario Hydro chairperson, who, again, was reputed by the Coalition of Environmental Groups for a Sustainable Energy Future to have requested \$85,000 to redecorate his office and to install a security system in his home, it is equally infuriating. Anyone with a salary of \$260,000 a year can afford to cover his own redecorating costs. These reasons provide evidence for my concern for the need for greater accountability.

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I have a number of recommendations that I would like to put forward that I think would strengthen Bill 118.

First, ways have to be found to increase Ontario Hydro's accountability to the government of the day. However, Bill 118 does not deal with how the government could be made more accountable to the public. It was the Davis government's directive that led to the 40-year contracts with Denison and Rio Algom mines. It was the Peterson government's directive that allowed Darlington to be completed. It is not enough to equate government accountability with the outcome of elections in matters of energy, since what could be started at the beginning of a term of office is hard to stop three or four years later.

Perhaps one measure to deal with this issue is to allow some elected members to sit on the Ontario Hydro board. One possibility would be to make a selection from among the elected municipal Hydro commissioners. I believe this would curtail the practice of every government appointing only people compatible with its interests to the Hydro board.

My second recommendation is that Bill 118 is insufficient to establish regulatory control over Ontario Hydro. There is a need for ongoing regulation of Ontario Hydro at shorter, regular time periods. Regulation should address rates, supply and demand management and financial decisions. I concur with the Coalition of Environmental Groups for a Sustainable Energy Future in its 1990 recommendation that the Ontario Energy Board should be replaced by an energy services commission equipped with regulatory authority.

My third recommendation is that the environmental cost to produce electricity by Ontario Hydro has to be made visible for all generating methods. An open and complete presentation of these costs would allow the public to compare and re-examine some of its own misleading assumptions. This could also perhaps provide the basis for its decision to substitute fuels.

Personally, when I built my own home, I chose to heat it with electricity 10 years ago because I presumed it was cleaner, because there were no exhaust gases involved. I did not have a chimney, so I thought it was clean. I did not realize that I had only part of the heat source in my electric furnace, that its operation was dependent on the generation of electricity elsewhere and that this was where the pollutants were created. I lived this myth of superiority over those who had combustible furnaces because I could not see the pollution I was responsible for.

A comparison of the yearly sulphur dioxide, carbon dioxide and nitrogen oxide emissions per household as measured in kilograms indicates that heat generated by electricity, whether created 90% or 60% by fossil fuels, creates the most emissions when compared with that created by natural gas or light oil heating fuel, and again I have a chart for your examination.

My fourth recommendation is that fuel substitution in the long term has to be enhanced by research and development dollars made available to private citizens and corporations in order to explore renewable sources of energy that produce heat and power with less cost to the environment.

I do not regard it as a victory when we are switching from electricity to gas and oil. I think we have the ability, the knowledge and the resources and we certainly have the kind of climate in parts of Ontario that would permit us to be using renewable energy sources. I would like to see money put into a research and development budget to permit this to go on.

My fifth recommendation is that Bill 118 should enhance the opportunity for governments to direct Ontario Hydro to act as a socially responsible corporation. Although much criticism has been raised regarding the present government's decision to direct Ontario Hydro to provide \$140 million to the community of Elliot Lake, I believe this was a fulfilment of a social obligation.

When it became apparent that to continue the contract first established by the Davis government for the purchase of uranium would cost \$1.2 billion more than purchasing uranium made anywhere else in Canada, this government made a sound business decision to end the agreement. The \$140 million should be seen then as a severance package for a community that will need to deal with the social and financial turmoil that has resulted. It is inappropriate to call this a bailout. If those in the local MEA oppose this bill because of this provision, they should reflect on what their reaction would be should Ontario Hydro be directed to close its coal generation station here in Thunder Bay. Would they not expect Ontario Hydro to offer a severance package to the community here?

My sixth and final recommendation is that the concerns raised by the Municipal Electric Association regarding Bill 118's provision to direct Ontario Hydro to promote fuel substitution must be placed in the context of the 4,676 megawatts Ontario Hydro has estimated will be saved by fuel substitution. The money gained from not having to invest in generating this amount of electricity could be used to partially offset the economic hardship this fuel-switching promotion may cause the MEAs.

Since the capital cost of supplying a kilowatt of power is \$3,300, as the previous presenter made known—and I believe an argument from the former chairman of Ontario Hydro, Mr Franklin—a reduction in the need for 4,676 megawatts represents a considerable amount of money. If we look at this from another angle, the Darlington plant is capable of providing 3,500 megawatts. It cost \$13.5 billion to build. Therefore, a reduction of 4,676 megawatts in relation to not having to build another nuclear reactor is quite substantial.

The 1991 Ministry of Energy publication *Home Heating and Cooling: A Consumer Guide* indicates that gas heating, based on 1991 prices, is 65% cheaper than electricity. Given that Ontario Hydro has announced a possible 44% hike in rates over the next three years, would the Municipal Electric Association deny the savings that fuel switching will provide for consumers? I am one of those rural Ontario Hydro customers who has no access to natural gas. I do not feel that my contribution through my electric bill, which may subsidize fuel switching for others, is a loss to me. I rather look upon it as my contribution to conservation and a reduction in demand.

Mr Huget: Thank you very much for a very informative and thought-provoking presentation. I have no questions for you other than that in your recommendation section you certainly raised some very interesting points. I wonder if there is anything you want to elaborate on in terms of public accountability or involvement.

Mr D. Ramsay: I guess the first thing that interested me about Bill 118 when I heard about it was that there was an attempt to ensure that government directives would be followed by Ontario Hydro. But as I thought more about it and as I looked at the history, I thought, "But it was government directives that led to the 40-year contract in Elliot Lake, so how will this possibly make any improvements for consumers?" I feel Bill 118 is a small wedge, but it needs to be expanded to ensure that there is what I would call the democracy of energy decisions in this province.

We are in a terrible situation financially. We are in a terrible situation when it comes to not having a cleaner environment because of the choices we have made in the past. I feel the public could certainly not do any worse job than what has been done so far by the experts.

Mr Huget: You mentioned strengthening the bill and that it does not go far enough. Are there any specific ideas you have to strengthen it? What I am hearing you say is that this is not nearly tough enough.

Mr D. Ramsay: No, it is not. I think it is a good proposal, but it is modest. The most important thing that would strengthen it would be to allow elected representatives of the public to share the power on the board. One of the ways to do it, and it may not be the easiest, but because we have elections every three years for Ontario Hydro commissioners in each municipality, we should find some sort of system to ensure that some of those commissioners could be appointed to the Ontario Hydro board once they have been elected by their constituents. That would give us a direct route to Ontario Hydro. If one of my commissioners happened to sit on the board in a three-year period, I

would feel quite comfortable in having someone I could approach to raise issues with, whereas right now I am feeling the public is out in the cold. They do not have access to the Ontario Hydro board.

Mr McGuinty: I want to pursue your idea of elected commissioners. You are probably aware that Bill 118 provides for an absolution from liability of the directors as long as they do what they are told. Of what benefit would it be to us to have elected commissioners if they are required to do whatever the government asks them to do, which, as you well know, can sometimes be motivated by political reasons?

Mr D. Ramsay: I think the history of Hydro shows that.

Mr McGuinty: I guess what I want to draw your attention to is that provision in Bill 118 which provided for an exemption from liability for directors. Do you think that is a good thing or a bad thing?

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Mr D. Ramsay: I know locally in our own city council there was a decision that became made known to the public this past week where we lost a quarter of a million dollars. It was a decision that came about because, in terms of housing development, the council had listened to the not-in-my-backyard syndrome and as a result was not able to develop this land, and we lost a quarter of a million dollars.

The city councils, of course, are not liable for that loss. One part of me said they should be and maybe they would be more careful in making the decision. The other part of me said we have to be reasonable; sometimes decisions get away on people without their knowing. I am not sure what the balance can be.

If we have people sitting in elected positions—politicians do—they make decisions that are very costly: \$30 billion of debt with Ontario Hydro. I guess no elected official would ever be able to make good on that kind of mistake. Maybe we have to look at other ways of disciplining people on boards who are not handling their responsibilities in a way that suggests they are carrying out their duties sincerely.

We talked about provisions of recall of politicians, for example. I believe the Reform Party has brought this out federally. I am not sure that is workable, but how do we make you as a politician more accountable? If I was your constituent and you made a decision that was very costly, how could I make you more accountable for that without of course causing you to sink into absolute poverty? That is a conundrum, but perhaps in a democracy we have to struggle with finding ways to help people become more accountable.

Mr Conway: Can I just have a brief supplementary there? I am intrigued by your local example of the city council and the housing development and the NIMBY problem, because I cannot imagine an area where it would be more applicable now than in energy. One of the great things about the conservation ethic, which I am as willing as anyone to embrace, is that you do not have to do anything. That is really helpful.

You know, I have a county that has been carved up six ways to Sunday with hydroelectric plants, and I look at them in great wonder today thinking, could we build any of these in 1992? I think the answer would be no. There would be absolutely no way the big power dams on the Ottawa River would be constructed today because of "not in my backyard" or "not without displacing my recreational interest in that waterway." I was just interested in what you said—

Mr D. Ramsay: Could I just make a comment on that for a moment?

Mr Conway: Just let me finish very briefly. What advice then do you have to the city council, using your analogy? Were they wrong in not overriding? Would you contemplate the possibility of an elected municipal council's right to override a passionately felt NIMBY commitment on a housing issue or perhaps an energy project in its backyard?

Mr D. Ramsay: I guess I can be—what is it?—the Detroit Lions quarterback today and sort of think about what moves I could have made yesterday. I think part of the problem is that as an outsider it is easy for me to make a judgement and say, "You should have done this," not being aware of all the stresses of the moment when the decision was made. But you raised the issue of, should an elected council override the concerns of a passionate and vocal group who are saying "not in my backyard" for this project?

I would like to separate for you those two issues, because when we talk about people, there is never a just case for saying we should deny any person access to our neighbourhood, no matter what his situation is. However, when we talk about technology and development, there are just cases and health cases for saying no to those developments in our neighbourhood when they compromise the health of people, when we do not have all the evidence we need.

I think you are right; probably some of those projects that you presently have in your riding would not be constructive. In fact, we have from an Ontario Hydro spokesperson that the Ogoki diversion that occurred up in Lake Nipigon would never have been built today according to the standards we have now set, because we know more and we realize more how we damage the environment that way.

In hindsight it seems easy to say I would not have done that now, but on the other hand, when we have more information, which I think we have really grown with now, when we are asked to make decisions regarding Ontario Hydro projects, we are going to have to say some hard things.

Mr Conway: Again, it is just a rhetorical observation and I appreciate the testimony. I particularly liked your comments about some mechanism in the process to allow the public to know immediately upon the government's issuing a directive. I think that is a very helpful suggestion. The difficulty I have, I must say, with some of your argument is trying to contemplate the circumstances whereby and wherein an elected government, locally or otherwise,

could ever proceed with a positive development in energy or otherwise where you had a typically divided opinion.

Let us imagine a substantial majority on the development side but a passionate commitment on the part of a minority who felt, rightly so, that their particular interests were being prejudiced. Do you contemplate any development ever occurring in a democratic environment in that kind of situation? You do not need to answer; it is one we will continue to think about, whether it is energy, garbage or a variety of other contentious public issues.

The Vice-Chair: I will allow you quickly the last word on this.

Mr D. Ramsay: The only thing I can think to say in a moment that really strikes me, and I am sure this must strike each of you as well, is: \$375,000 per minute. That is the interest on the Ontario Hydro debt we are paying. I have talked to you for 30 minutes, 30 times \$375,000. I think this is the strongest argument for finding ways to have more public input into Ontario Hydro decisions.

The Vice-Chair: Thank you very much for coming in with such an interesting description of Hydro, past and future.

The Vice-Chair: Is the Ontario Lumber Manufacturers' Association in the room? With the committee's indulgence, can we give them five minutes? We will stand in recess for five minutes while we await their arrival.

The committee recessed at 2007.

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ONTARIO LUMBER MANUFACTURERS' ASSOCIATION

The Vice-Chair: The next presenter is the Ontario Lumber Manufacturers' Association. Introduce yourself for the sake of Hansard and then start your presentation.

Mr Auld: My name is Mike Auld. I am president of the Ontario Lumber Manufacturers' Association. Our association represents the province's sawmill industry in the public forum. As such, I would like to offer my remarks on Bill 118, An Act to amend the Power Corporation Act.

As we understand it, the bill is proposing fundamental and significant changes in the relationship between the government and Ontario Hydro. As proposed, Ontario Hydro would become an indirect taxation arm of the government. The provisions of the bill would allow the government to issue binding policy directives on Ontario Hydro, forcing Ontario Hydro to advance whatever the government's policies are, whether it be a social agenda, an economic agenda or even a Hydro agenda, and all of this at the expense of the industries consuming electricity.

Ontario Hydro has traditionally and historically operated on the premise of providing power at cost. This attracts investment and creates jobs in Ontario. The premise is extremely important to the forest industries in northern Ontario, where the majority of our sawmill activity is located.

The public conflict over the issue of nuclear power generation is the basis for the proposed amendments to the act. While this government has for many years opposed

the province's nuclear generating capabilities, Ontario Hydro has traditionally supported this form of electricity generation. Nuclear power generation is proven as the least expensive, most environmentally sound method for producing large supplies of electricity at affordable prices. To reiterate, our forest resource-based industries are absolutely dependent on the affordability of electricity. We need affordable electricity to remain competitive in North American and world markets. If we are not competitive, we do not exist, we lose our employees and we leave Ontario. It is very simple.

In our minds, the principle of power at cost is the central focus of this bill. If it is the intent of the government to have Ontario Hydro become a welfare agency of this government, with the related costs borne by the consumers who pay for the electricity, we are definitely against this. We see that the bill as proposed will strike down the traditional formula of power at cost. With the new ability to issue binding directives on Ontario Hydro, the government will have created a new social welfare arm of itself. Again, this will be at the expense of the people who pay for the electricity.

Power at cost is basic to the foundation of Ontario's being the industrial heartland of Canada. To encourage manufacturing to establish here, many factors are considered by entrepreneurs, but it takes only one significant disincentive to blind a viable business opportunity to Ontario. To have the entrepreneur seek another, more favourable business climate is not in our best interest as citizens of Ontario. In Ontario's fragile economy the abandonment of power at cost is a most unwise decision. Abandonment of power at cost will not encourage industry to come here and it is going to have industry that is already here looking around for alternatives. I do not think this is what we want and need in Ontario right now.

If the principle of power at cost is struck down, if the uncertainties of electrical supply fail to be addressed now, more job losses will result. The provincial economic wealth will evaporate as manufacturers leave Ontario for other jurisdictions. It does not take a very observant person to see what is happening in today's economy, and we do not need more of this in Ontario.

An Act to amend the Power Corporation Act gives too clear a signal to investors that the government of Ontario will not encourage them here. On behalf of our industry, the Ontario lumber manufacturers, I urge you to take every opportunity, to make every effort, to re-establish the principle of power at cost.

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The Vice-Chair: Thank you very much. We will start this round of interaction with Mr Conway.

Mr Conway: Mr Auld, thank you for your presentation. Earlier today we had a representation from the pulp and paper sector where it was indicated in an answer to my colleague the member for Ottawa South that in that sector, at least in the one case before us, the hydro bill, which ran into the tens of millions of dollars, was roughly 10% of the total cost of manufacturing the product. Can you give the committee some idea of what the current electrical bill

would be for a sawmill in northwestern Ontario and what 35% to 40% on that bill might be?

Mr Auld: Off the top of my head, I cannot tell you exactly what it is. All the machinery in the sawmill is driven by electricity. It is very substantial.

Mr Conway: Would it be your estimate that the electrical bill, as a percentage of the total cost of manufacturing sawn lumber, would be in the neighbourhood of 10%? I do not know the answer. I think it is significant, but I do not know what the answer to that question is.

Mr Auld: It is very significant, because every piece of machinery in our sawmills is driven by electricity. We use other methods to dry our lumber, but to drive the machinery—the breakdown machines which make a log into lumber, the planers which dress the lumber so that it is marketable and saleable, the bull edgers—all the machinery is driven by electricity, so it is very important to us that we have the best rates possible. Right now, we are having a very tough time remaining competitive. We have a lot of problems and we do not need another one stacked on top of us right now.

Mr Conway: Can you give me some idea of the comparative costs for electricity in this part of northwestern Ontario relative to the Minnesota-Michigan rates across the line?

Mr Auld: I cannot.

Mr Conway: Do you know them to be higher or lower in Ontario than the nearest American point of operation?

Mr Auld: My understanding is that our power at cost is very competitive with our American colleagues. Exactly what it is, I cannot tell you.

Mr Conway: A 30% to 40% increase over the next couple of years, particularly in terms of your recessionary environment for lumber generally, would not be a welcome sign, I take it?

Mr Auld: Where are we going to get the money? Our industry just does not have any resiliency right now to absorb extra costs. I know this is a hearing about the Power Corporation Act, but we have the countervailing duty running against us right now. We have a recession in the pulp and paper market, and those people buy 40% to 45% of the product we make in sawmills. Lumber last year went through the most terrible recession it has ever had. Right now, the lumber does not cover our costs. We are struggling to survive, and we have been for two or three years. If you want to raise our costs, one of these cost raises is going to sink us.

Mr Conway: Given the fact that the price of electricity is rising everywhere for the reasons people have talked about both in this forum and in others, how much activity is there in the sawmill sector in northwestern Ontario to look at some different means of perhaps generating electricity?

Mr Auld: We would be very interested in having Ontario Hydro very closely investigate how it can utilize our bark, our sawdust and components of our manufacturing process that we cannot sell right now. I am sure you are

familiar with bioshell. I think it would be a great advantage to Hydro and to our industry to find out if there is a way in which what are now wood wastes—energy being trucked away to the dump—can be used to generate power.

Mr Conway: Is there any activity in the sector led by either individual sawmillers or groups of producers? Surely, given these rate pressures you have been experiencing over the last few years, somebody out there in the good free-enterprise world is looking at those very options. You are not just waiting for Ontario Hydro to do that, are you?

Mr Auld: If we used our wood wastes to produce electricity, to make it worthwhile we would have to have Ontario Hydro as a customer, because we produce far more than we would consume in our sawmills. Second, it takes a substantial amount of money investment to do that. As I mentioned a few minutes earlier, we are desperately short of money.

Mr Conway: One final point: I am interested in knowing whether any forest sector operator in northwestern Ontario is now engaged in either experimentation or the production of electricity onsite at his or her operation.

Mr Auld: There is none now in northwestern Ontario that I know of. We are very interested, but we have the major problem our industry faces right now: no money.

Mr Hugst: A couple of quick questions: On the last page of your presentation you say, "An Act to amend the Power Corporation Act gives too clear a signal to investors that the government will not encourage them here." I assume by that you mean investment. Picking up on Mr Conway's point, in terms of energy conservation and energy efficiency and cogeneration schemes and the like, you stated, and rightly so, that this is a big part of your operating costs. The Power Corporation Act is meant to do the types of things around energy conservation and energy efficiency that will in fact end up being a positive aspect of the bottom line of a business. If this act encourages energy efficiency in business, encourages energy conservation in business, I am a little confused as to how that could be viewed as a disincentive to invest, when I think that the proper and wise use of energy in anyone's business does something to the bottom line and it is usually positive. I would like your views on that.

Mr Auld: Quite frankly, increases in costs do not do anything for anybody's bottom line. That is our fear. If you abandon the concept of power at cost, then we are in trouble. As for the other things you mentioned, yes, we are very, very much in favour of that. We are not asking to be subsidized to do it, though; we just want to do it. We want to figure out how to do it. I am not asking for Ontario Hydro to subsidize lumber manufacturers any more than I want to see Ontario Hydro subsidize anybody else at the ratepayers' expense. That is our basic premise, as you noticed through my brief: We are looking for retaining the principle of power at cost. This is our number one concern with the amendments as proposed.

Mr Hugst: If I understand you correctly, you feel this bill will take away that principle of power at cost and in

that way become a disincentive in some way, shape or form to investment here.

Mr Auld: If this bill, the way we read it, will drive up costs to pay for other activities unrelated to the generation of electricity, then we are dead against that. That is the way we read it right now.

Mr Hugst: Those other activities include energy efficiency programs to assist consumers and industries and energy conservation programs. Many of those programs are in place now and many industries are taking advantage of them. Would you consider that as being part of an unacceptable driving up of costs?

2030

Mr Auld: Anything that drives up costs for purposes other than electricity generation is not in the best interests of our industry, because we use so much of it. If you use the money we pay for power for other purposes than power, then we are paying for something we are not buying and that is a big problem. Especially in today's environment, it is a big problem.

Mr Hugst: I was referring specifically to energy efficiency programs and things like cogeneration and the use of your wood waste, which I would view as being related to the production of power.

Mr Auld: If it is not economically feasible then I do not think we should do it until we find a way to make it economically feasible. We are all private industry in the Ontario Lumber Manufacturers' Association, and we have had two or three really tough years. The entrepreneurs in this industry are broke and there is an overriding principle that we have to face, that is, banks will not finance losses. If our hydro bill goes up to finance other things, we are in trouble. Because of the blows we have had to take over the last two years, we cannot take too many more. There have been too many closures in our industry and in the pulp and paper industry, our sister industry, and we just do not need those blows.

We are not against energy conservation or any other things like that. We just do not want to subsidize it. That is the state we are in. We have high ideals too, but we have to live today, right now, or we will not be here tomorrow. Driving up our costs is very, very difficult.

This fuel increase which was put on at the first of this year did not help us a bit, because who is going to pay for it? Our customer does not say: "Your fuel costs went up. Yes, we're going to pay another \$20 or \$30 per thousand for lumber." They do not say that. They say: "There are not too many houses around. How about taking a \$20 or \$30 cut?"

That is the world we live in. It is a commodity market and supply and demand. Unfortunately, we have not been in too much demand lately, but we employ 12,000 people across northern Ontario when we are running, and most of the people our association represents were born and raised in northern Ontario. They are northern Ontario entrepreneurs and they want to stay in northern Ontario. When times get tough they do not rush away. Then again, let's not force them away either, because they were born opportunists and if things get so bad in Ontario that they cannot

make it, they will go. As an employee and a resident of Ontario, I would like to see them stay. Do not drive our rates up.

Mr Klopp: I think the whole intent of this bill is actually to get the rates so that they are not going up. You mentioned nuclear power generation as the least expensive and most environmentally sound. As one who was a firm believer in nuclear energy back when I was taking it as my major at school—I remember going to Douglas Point—I was most sure it was.

I do not know if you heard the previous speaker, but he drove a point home that I learned after about six years of questioning nuclear energy about the other costs, the tailings, and Ontario Hydro people could not tell me totally about that. In fact, we had graphs today showing that 7% to 9% of the last increase in hydro rates is directly related to the fact that we are now getting into the true cost of the new nuclear plants coming on stream. That I will give as a statement whether you want to agree with it or not, but I can show you my hydro bill. I live in rural Ontario and it has gone up considerably, and I think it has to do with that.

In fact, you brought up a little earlier that if Ontario Hydro could show you an incentive to figure out a way to use your wood chips efficiently to produce electricity—

Mr Auld: Not wood chips. We would like to market wood chips to the pulp companies.

Mr Klopp: Whatever. Something you cannot use.

Mr Auld: Bark, sawdust, that kind of stuff.

Mr Klopp: It has to be energy efficient. Part of the bill says it has to be an alternative energy supply to produce whatever power you need, electricity or whatever, to save Hydro having to build other plants, keeping the cost of electricity at a more stable rate and maybe not having to go up 11% or 12%. Do you not think that would be a good idea?

Mr Auld: Again, you must understand the environment in which we operate. We sell a commodity at whatever price we can get for it. No matter what our ideals are and what is a good idea, it does not generate any more money to pay for our ideals. We have to be efficient.

The unfortunate part in our business is that we sell a product on a free market and the free market does not pay for a lot of different programs which do not put money into the bottom line of a company. If they do not and we are subsidizing it or paying for it in our rates, where does the money come from? We do not have the ability to generate it—that is the problem.

Mr Klopp: You agree, then, that if it does not work you do not do it. I was at a fairly big tomato plant in southwestern Ontario and it went cogeneration with incentives from Ontario Hydro. I could have said that day, because I was there on behalf of the Ministry of Agriculture and Food, "I am subsidizing this with my electricity bill." But as the other chap pointed out a little earlier, by this company getting a grant of some sort and being most energy efficient, which will pay back in 20 years or whatever—they have their plans made—it is saving me on my electrical bill. Instead of being 11% and going up, it might have been 12.5% this year.

That is the tradeoff, and for your industry maybe there are other places we can save money if it is energy efficient and all that, which is in this bill. They are not going to do things haphazardly. For those who cannot use electricity or alternative energy sources, it might keep your rate going up only 1% a year or, heaven forbid, Ontario Hydro might stabilize its flat rate down the road.

Mr Auld: If they subsidize some guy to generate hydro, it does not cut your hydro bill. But if, instead of Ontario Hydro spending the money for a plant, it invests its cost, at cost, in some alternative, that is a different story. The subsidization is the part the ratepayer cannot take. If it is at cost, good enough, but if it is subsidizing some other activity not at cost, then it is a problem. That is my point.

Mr Jordan: Relative to Bill 118, the two main concerns you have throughout your presentation are the loss of power at cost and the uncertainty of supply. I am pleased to find those two major points outlined in your brief as two major effects of Bill 118 because those are the two major points that made Ontario the industrial province it has been during the last 60 years. That is my concern and the concern of our party, that Bill 118 is going to lead us away from the very successful policy that has kept Ontario strong. Thank you for bringing that out.

Mr Auld: Without certainty of power, it is pretty hard for an industry that depends upon it to make the investments.

The Vice-Chair: Thank you for coming before us. It was an interesting presentation. I know everyone enjoyed your answers to the multitude of questions. With that, the hearings are adjourned for today. I remind everyone from the committee, it is 11 o'clock tomorrow morning in the lobby for the next trip out.

The committee adjourned at 2040.

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Amendment Act, 1991

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Première intersession, 35^e législature

Journal des débats (Hansard)

Le mardi 14 janvier 1992

Comité permanent du développement des ressources

Loi de 1991 modifiant
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday 14 January 1992

The committee met at 1430 in Columbus Hall, Sioux Lookout.

POWER CORPORATION AMENDMENT ACT, 1991 LOI DE 1991 MODIFIANT LA LOI SUR LA SOCIÉTÉ DE L'ÉLECTRICITÉ

Resuming consideration of Bill 118, An Act to amend the Power Corporation Act / Projet de loi 118, Loi modifiant la Loi sur la Société de l'électricité.

SIoux LOOKOUT HYDRO ELECTRIC COMMISSION

The Vice-Chair: Can I get the members to take their respective seats?

I would ask that representatives from Sioux Lookout Hydro please come forward, introduce yourselves for the sake of Hansard and, at your will, make your presentation.

Mr Bath: My name is John Bath, a member of the Sioux Lookout Hydro Electric Commission.

The Vice-Chair: Would you just sit down and repeat that, because you have to speak into the mike or they do not get it. To the members, yesterday we got a little wee bit lazy and laid back and Hansard was not picking up everything. They were having some difficulty. I do not believe we have to worry about turning it on, do we?

At your leisure, sir.

Mr Bath: My name is John Bath. I am the chairman of the Sioux Lookout Hydro commission and I have a brief presentation for you on Bill 118.

Mr Chairman, members of the committee, on behalf of the town of Sioux Lookout and the Sioux Lookout Hydro commission, I would like to welcome you. I commend the government of Ontario for its open policy regarding public input to this very important legislation. Any legislation that impacts on the supply or cost of electricity to the citizens of Ontario is very important legislation. The Sioux Lookout Hydro commission directly represents 5,000 Ontario citizens and hydro users.

Public power at cost, the very basis of electric power in this province, first became a political issue in the 1905 Ontario general election. In 1907, the Power Commission Act set the guidelines for a power system partnership which saw the province distributing electric power to the municipalities for resale to their constituents. In 1974, the Power Corporation Act was passed and Ontario Hydro's mandate was set. Since 1905, and throughout the various amendments, at no time has the concept of power at cost been questioned.

Recently, however, taxes and levies against Ontario Hydro and electric power in general have severely tarnished the concept of power at cost in this province. Water rental charges, \$102 million; Ontario Hydro's debt guarantee, \$133 million; rural rate assistance, \$100 million, and the Elliot Lake bailout, \$65 million are all examples of how

provincial governments have subtly eroded the principle of power at cost.

These levies are nothing but instances of governments using electric power to finance pet programs and policies at the expense of the electricity users of Ontario. Electricity is Ontario's lifeblood. Ontario has prospered because of the availability and the economics of electric power. We must not allow shortsighted government policies to bleed Ontario to death.

Bill 118, An Act to amend the Power Corporation Act, contains provisions that do not support and in fact further erode the original concept of the Power Corporation Act and concepts that will be adverse to our customers, and 50% of Sioux Lookout Hydro customers depend entirely on electricity for their domestic energy use.

We recognize the right of the provincial government to enact legislation and amendments to legislation in the interest of the majority of the citizens of the province. While we welcome changes to the Power Corporation Act that will benefit the people of Ontario, we will stand firm against any changes that deviate from Ontario Hydro's mandate to provide electric power to the citizens of Ontario at the lowest possible cost consistent with safe, reliable service.

Ontario Hydro, through its marketing policies since the 1960s, is largely responsible for the problems that we see in our provincial supply systems today. Ontario Hydro aggressively sold and still sells electricity and in fact openly competes with other forms of energy. The water heater rental program, declining rate structures, rural rate assistance and many of the current incentive programs are all forms of competitively marketing electricity.

Ontario Hydro's marketing policies smack of a desire to build, control and maintain an empire. Ontario Hydro has no place in the marketing of electricity and certainly has no place in the marketing or promotion of other forms of energy. Energy must be a market-driven commodity.

Provincial energy policies, whether enacted through Ontario Hydro or other provincial agencies, must be fair and consistent for all of Ontario's citizens. Policies and programs that favour conversions to alternative fuels, to alternative heating systems, or for that matter any programs that are not universally available, do not benefit the majority of Ontario's citizens, and most programs are not available universally. Not everyone can afford to convert to an alternative fuel or an alternative heating system. Not everyone has access to alternative fuels or alternative heating systems, and not everyone benefits when plant-specific conservation installations are paid for by Ontario Hydro or the province.

The programs proposed through Bill 118 and many of those in place today are driven primarily by fear created by Ontario Hydro, by vocal minority special interest groups, and by the policies of this and past provincial governments. The

programs proposed through Bill 118 do not consider the rising summer demand in much of Ontario. Elimination of electric heating loads may not only be unnecessary but will be detrimental to the economic health of Ontario's electrical utilities, to Ontario's economy in general, and devastating to this utility.

Sioux Lookout Hydro has just completed a voltage conversion program to allow extra kilowatt load on our system. This program was paid for by long-term debenture financing and is reflected in our rates. Elimination of kilowatt-hour loads will negatively impact on our economics as well as the economics of Ontario through higher kilowatt-hour unit costs and lost jobs in the electrical industry. Elimination of peaks, however, constitutes sound energy management and will save Sioux Lookout and Ontario citizens megadollars. Energy conservation must also be market driven.

The Power Corporation Act and any amendments to it must be consistent with the original intent of the acts preceding it, that is, to provide power at cost. Bill 118, as it is written, is not consistent with the original intent of the act.

We propose that the following amendments be considered: that Ontario Hydro stop financing any form of energy management or conversion programs; that Ontario Hydro stop marketing or promoting the use of electricity; that Ontario Hydro's rate-setting policies accurately reflect demand and kilowatt-hour consumptions; that Ontario Hydro be responsible for the supply of electric power to municipalities and that municipalities be solely responsible for the distribution of power to end users, and that, as the Municipal Electric Association represents over 75% of Ontario's electricity users, MEA representatives form proportionately the board of directors of Ontario Hydro.

In closing, I would like once more to commend the government for allowing us to participate in the design of this legislation. As a municipal utility and an active member of MEA, we voice our strong concern with the current state of electric power and the energy management programs in place in the province today, with the structure and direction Ontario Hydro has taken and with the position this government has taken on the future of electricity in Ontario.

We strongly endorse the active role the Municipal Electric Association is taking in representing the municipal utilities in the province and would ask that the government deem mandatory the involvement of the MEA in all matters related to electrical energy. Sioux Lookout Hydro is completely committed to the maintenance of a safe, reliable electrical system through demand reduction and through prudent conservation measures.

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Many years ago Sir Adam Beck, a father of electric power in Ontario, said:

"The generation and transmission of power on a wholesale scale is dealt with by a commission which, although appointed by the government, acts independently in the capacity of trustee for the partnership of the municipalities. The basic conception of the whole municipally owned electrical undertaking, as administered by the Hydro Electric

Power Commission of Ontario, is a partnership of municipalities formed to obtain power at cost."

Sir Adam Beck's statement was and must once more become the basis of electric power in Ontario.

Mr McGuinty: Thank you for your presentation. It is a particular pleasure for me to be here, and I am sure it is for a number of the other committee members who have not had the opportunity to visit your community before. As well, I am particularly interested because yours is the only community we will be visiting during the course of these hearings which is not supplied with natural gas, so I would like to direct my questions to that area. I understand that you supply hydro to approximately 5,000 customers. Is that correct?

Mr Bath: That is correct.

Mr McGuinty: And about half of those depend entirely on electricity?

Mr Bath: That is correct.

Mr McGuinty: Can you tell me something of the cost of oil heating here and how much more or less expensive it would be to heat by oil?

Mr Bath: The last time I compared oil heating, it was approximately the same price as electric heating.

Mr McGuinty: What about the other source of heat up here, propane? Is that more expensive?

Mr Bath: Yes, I believe that propane is approximately 130%, 125%, more than electric.

Mr McGuinty: If the government proceeds with Bill 118, how do you think your customers are going to feel if they in effect will be financing through their rates conversion programs in communities which are supplied by natural gas, which will allow customers in those communities to switch from electric to natural gas but your customers will not have access to that kind of program?

Mr Bath: I do not think our customers will feel very good about it. Our hydro rates are certainly high enough already because of the conversion program we have gone through, just because of the size of our community and our demand loads. I certainly do not think they would be very susceptible to agreeing to that type of legislation.

Mr McGuinty: If your customers were going to switch to some alternative energy, what would that be?

Mr Bath: We really do not have one. Propane or oil are the only alternative energies we have, or else I think our most efficient system is to upgrade and make our electrical systems more efficient and continue with electricity.

Mr McGuinty: Are there any programs in place now? Is it possible for your customers to receive any subsidies for any kinds of energy conservation programs?

Mr Bath: Yes, there are. There are programs in place for the installation of heat pumps, which certainly do not apply to everybody within the community. There are programs we will be introducing that will allow us to upgrade electrical systems within our residences.

Mr McGuinty: All right, thank you. Those were my questions.

Mr Conway: Just as a matter of interest, how many people would use wood either as a full or partial heating system in Sioux Lookout?

Mr Bath: I would suspect about a third actually use wood, and probably not all those are using it full-time. I think probably 20% would use it as a relatively full-time heating method.

Mr Conway: Would I be right in saying that if hydro rates continue the pattern of the last couple of years, along a projected double-digit increase over the next two to three years, the amount of wood burned in the Sioux Lookout area would be sharply increased?

Mr Bath: No, I do not think so. It was about 10 years ago, when hydro rates first started climbing and people were more energy-conscious, I believe, and wood did pick up quite significantly then. What we are seeing now is that most people, even with the high rates, are converting away from wood just because the cost of wood is certainly high. Even though we are right in the bush it is still quite an expensive fuel by the time you get it and process it and burn it. With the environmental problems coming out of wood burning, we are finding that people living in neighbourhoods with wood burners are starting to lodge complaints because of the smoke.

Mr Conway: But what is my heating bill in this community if, let's say, I have a standard 12,000-square-foot bungalow or house? What is my total electric bill for the year going to be this year, roughly?

Mr Bath: The heating bill?

Mr Conway: Yes, my electric bill.

Mr Bath: Your electric bill would be in the neighbourhood of \$2,000.

Mr Conway: We are going to put 35% or 40% on top of that over the course of the next two to three years. That is going to put another \$800 or \$900 on top of that. I would expect the market forces are going to make people do some things, particularly in tough times, so I am trying to think of what they will do. They might think the local commission is a wonderful group, and I am sure it is, but that is \$800 or \$900 over a couple of years, when you may be losing your job or not getting as much employment as you might like. I come from rural eastern Ontario. The market certainly seems to be pretty active right now with these kinds of increases under way and projected. I am just wondering whether that may be the case here, and if it were, what would I do?

Mr Bath: We hope that people will start to use the energy a little more wisely, and we feel they will with the increasing cost—that is an automatic thing that will happen—and also use it wisely by upgrading their houses. If we want to talk about houses, they will upgrade their houses and increase their insulation and also increase their weather-stripping and whatnot. We hope they will use the energy more wisely and reduce their bills.

Mr Conway: Is your commission actively engaged in these kinds of conservation and other policies?

Mr Bath: Yes, we are. We are starting a program in a couple of weeks, and it will carry on until—

Mr Conway: So what are you going to offer me? I am one of these consumers who is in a bad way. I just lost some income and I have these bills and I am going to stick with electricity because it is my only option. What kind of deal are you going to make me?

Mr Bath: We are going to do an energy analysis of the structure—your house—and from that try to determine what we can do to your house to increase its energy efficiency and possibly upgrade your heating system a little bit so it will be more efficient.

Mr Conway: How much baseboard heating would you have in Sioux Lookout? Are most people who use electric for heating purposes on baseboards?

Mr Bath: I suspect about 50% of our electric heat is baseboard.

Mr Conway: And the rest is forced air?

Mr Bath: That is correct.

Mr Jordan: Thank you for your presentation and the general knowledge of the Ontario Hydro system, as you have shown through the different points you have brought out in this presentation. I would like to dwell on three of them, if I might, starting on page 2.

Ontario Hydro aggressively sold and still sells electricity, and in fact openly competes with other forms of energy. Prior to that, you felt Ontario Hydro had more or less been responsible for creating a problem. I could partially agree with that, but on the other hand I would like to put on the record that I believe Ontario Hydro, in its marketing program back in 1967 and so on, was basically concentrating on what we refer to as off-peak load. Your sitting reserve was there to handle the peak. Basically we were giving it something to do in the off-peak time in supplying the kilowatt hours, which was a cash flow to the municipal utility. Would you agree with that?

Mr Bath: Yes, I would agree with it, if that was what was happening. It is possible that was happening then. I was not there then. I do not believe that is what is happening now so much, because of what Ontario Hydro did in those days, but it is possible that is why it was set up.

Mr Jordan: Would you see that as a subject that could be looked at?

Mr Bath: Or, as we would agree, we should be filling in the valleys. We have to shave some peaks off because that is where the big savings will come from. But we definitely have to fill the valleys to make our equipment operate at higher efficiencies, higher power factors.

Mr Jordan: Is your commission presently interested in looking at ways of filling the valleys and controlling the peaks?

Mr Bath: That is what we are doing by some of our proposed furnace upgrades and proposed heating system upgrades. We will be mostly shaving peaks. We do not feel we are going to fill our valleys too much with that, but we should be decreasing the size the valley, or the peak, anyway.

1450

Mr Jordan: I was thinking of the new technology available to control, for instance, baseboard load at peak

times with a controller in a central location. It could send a signal by radio to cut out the heat for that 20 minutes. If that was a known factor to people, they would be willing to accept it, knowing there was that much of a saving to the utility.

Mr Bath: We have not actually addressed anything like that yet. We are setting up a new system this year that will allow us to monitor our heating systems that way. We really probably have not looked at it that far ahead, that we will do it by that method.

The problem we see with some of the conservation techniques is that the customer does not actually see the benefits immediately. He will see the benefit in the long term, certainly, but he does not see the benefit immediately. It is going to take a little bit of a selling job and we are not quite that far along yet.

Mr Jordan: The other paragraph I would like to refer to is at the bottom of page 3: "The programs proposed through Bill 118 do not consider the rising summer demand." I personally think that is very important because of the air-conditioning load and the different shift of the peak.

Mr Bath: That is exactly what we are concerned with. With today's technologies and today's buildings and today's demands by customers, air-conditioning loads will not decrease just because there is a hydro shortage. There will be air-conditioning loads and they are going to increase. They will cause a summer peak. If we slash our winter load and get rid of it, then all we are really doing is shifting the peak to a different time of the year and nothing is going to change.

Mr Jordan: But you are losing the revenue from the kilowatt-hours of the winter peak.

Mr Bath: Most important, we are losing the revenue from the kilowatt-hours. Exactly.

Mr Jordan: So your unit cost has to go up.

Mr Bath: Exactly.

Mr Jordan: The other point is on page 4, the fifth paragraph, "That Ontario Hydro be responsible for the supply of electric power to municipalities and that municipal utility commissions be solely responsible for distribution of power to end users." To me, that is exactly what Ontario Hydro was originally commissioned to do. As with other things in a municipality, our provincial governments have been coming in and imposing programs and sometimes subsidizing them, but without due respect for the elected officials at the municipal level.

I personally would like to see us return Hydro to that mandate of the generation and transmission of power as a wholesaler and let the elected representatives locally distribute it.

Mr Bath: That is exactly how we see it. We feel we are in a better position to monitor our own market. Perhaps Ontario Hydro wants to spend money we do not particularly agree with. We feel we could spend it better. We could spend it where we feel it is needed. Ontario Hydro should deliver the power to us and we will look after it from there.

Mr Jordan: Finally, on page 5, your last paragraph frames up the whole framework of the Hydro-Electric Power Commission of Ontario, Ontario Hydro, the Power Corporation Act as amended. The whole thing is in that last paragraph.

Mr Arnott: Thank you very much for your very insightful presentation. I was pleased to see that a number of times you repeated the concept that energy must be a market-driven commodity, because I could not agree more.

You did not touch upon the aspect of the bill that gives the minister of the day, the Minister of Energy, the power to send policy directives which must be binding and which must be, I believe, implemented efficiently and immediately, as it says essentially in the bill. How do you feel about that aspect of Bill 118?

Mr Bath: I think power at cost quite fully explains it. Ontario's mandate is to supply power in a safe, reliable manner. When we add anything to that mandate, we are changing the concept of power at cost. I guess that is why I did not put it in there. I left it out intentionally. I said it so many times that I got tired of saying "power at cost."

Mr Wood: Thank you for making your presentation here. I would like to start off by saying I am pleased to be here as part of the committee and to listen to your presentation.

As you are probably aware, Ontario Hydro has built up an enormous debt over the years and a lot of it is because of nuclear power. When our government was elected, a decision was made that a moratorium on nuclear power be put into effect. About half the latest increase is effected by nuclear power, to pay for the nuclear power stations that are coming on stream or that are on stream.

You referred to the \$160 million that was put into Elliot Lake as a bailout, compared to the \$1.2 billion it would have cost to continue those contracts at market value for uranium. I just want to know what your comments would be on the \$160 million to help out the community by phasing out the purchase of uranium from Elliot Lake compared to continuing it at \$1.2 billion.

Mr Bath: I feel the \$65 million is purely a social welfare move. There is no other way I can look at it. The \$1.2 billion was a business transaction between Ontario Hydro and Elliot Lake. Certainly Elliot Lake was going to suffer because of it, but I do not think that suffering should be put on our Hydro bill. It should possibly go into our tax structure as welfare or social restructuring, whatever is required, but I do not think it should be added on to the hydro bill and in effect hidden in the hydro bill. If the \$1.2 billion on uranium had been spent and hydroelectricity had been produced, then theoretically, kilowatt-hours would have generated revenue and it would have worked itself out, but this \$65 million is a straight lump sum put into their welfare system.

Mr Wood: Along the same lines, although you did not mention Spruce Falls, I am sure you are aware of Ontario Hydro's involvement in purchasing the Smoky Falls powerhouse. That is another community very similar to Elliot Lake. I wonder what your feelings on that are.

Mr Bath: It is probably not fair for me to comment at all. I am really not too aware. I am aware of this happening and I feel the same way. If they bought power then they should pay for the power, but they should not pay for anything else. I really do not think I should be commenting on it, though.

Mr Wood: The amendments that are being brought forward to Bill 118 are in a sense making Ontario Hydro directly responsible to an elected body, which is the Ontario government. We had comments yesterday during presentations that the language that is being used in Bill 118 was not nearly strong enough to bring the board of directors and the chairman of Ontario Hydro to answer to the government, to be responsible. I know you have made some recommendations, but do you feel the bill itself is going to do what the government intended it to do, that Hydro will take some direction from an elected body?

Mr Bath: If the Ontario Hydro board of directors of the past is any indication, I would think probably not. I do not know how you can lay authority on an elected board. They are elected. The people have elected them in trust. I think that is the amount of the authority they have. Obviously, if people do not trust them, at the end of the term they will not be re-elected. I think that with the board of directors of Ontario Hydro the same concept would apply. Is that the question you asked me?

1500

Mr Wood: Yes. During your presentation you were saying you felt that power at cost—but the way we have seen Hydro operating under previous governments, it has built up an enormous debt load that has to be serviced, a \$30-billion debt. A lot of it is for nuclear power stations. There are different versions: whether they are efficient, whether they should have been built in the first place, one thing or another. Do you not feel that the government, because it is responsible for the debt Ontario Hydro builds up, should have some control over the way Hydro builds up a debt of this kind?

Mr Bath: They would have if the elected members were represented. I have suggested that MEA representatives become 75% of the board. Then you do have at least 75% who are elected people representing the citizens of Ontario. In that way the citizens of Ontario certainly have some control over Ontario Hydro.

The Vice-Chair: I would like to thank you for your presentation. When we get this all boiled down and get through clause-by-clause, we will be sure to forward you a copy for Sioux Lookout Hydro.

Mr Conway: As the next witness is coming, I would like to ask the parliamentary assistant—we do not need to take any time now, but before the afternoon is out, I would like somebody to explain this figure of \$1.2 billion that keeps coming up in some of the questioning. I am totally perplexed by that number. Just for my own elucidation I would like somebody to explain that number before the end of the day.

The Vice-Chair: Certainly.

ATIKOKAN CITIZENS FOR NUCLEAR RESPONSIBILITY

The Vice-Chair: The next group is the Atikokan Citizens for Nuclear Responsibility. Please introduce yourself for the sake of Hansard.

Mr Nolan: Good afternoon, and thank you for inviting me to these hearings. My name is Glenn Nolan and I am representing the group Atikokan Citizens for Nuclear Responsibility. Just to give you a brief outline, ACNR has been actively involved in energy issues, particularly nuclear, for the last 13 years. We still think the possibility of Atikokan being targeted for high-level radioactive waste is a significant reason to maintain our group.

I am not going to go into particulars on each individual point. I am just going to talk about the reasons the changes to the Power Corporation Act should be implemented. Essentially what Bill 118 suggests is that Ontario Hydro should become more accountable for its actions and also look at conservation or demand-management methods through conservation. Both of these are a direction change from their present mode of operation.

Once this act comes into place there will be a significant change to the way they operate compared to the way they do business right now. I think they and other groups that oppose the amendments are probably frightened of the change they are going to have to go through. They are frightened of the loss of control. They are frightened of being more accountable to the public. In some ways they are frightened of the whole aspect of energy conservation. I think it is time that they, as the saying goes, wake up and smell the coffee.

Since the early 1960s, Ontario Hydro has followed the direction of large-scale electric production, and the only reason for this is so they could sell more electricity to unwilling, uneducated in energy matters, customers. People just do not understand the cradle-to-grave reality of electrical production. It is harmful to the environment, it costs consumers enormous amounts of money, and all aspects of electrical production, as I mentioned, cradle to grave, should be looked at.

As was mentioned earlier, Ontario Hydro is the largest corporation in Canada right now just by its assets alone. It is also the largest debtor in Canada: \$30 billion is a significant figure, with an hourly interest payback of \$375,000. That is pretty significant. If that was put into energy conservation, that would mean a significant reduction in the environmental costs to Ontario and even globally, because we are an enormous energy consumer.

Environmentally, as I mentioned, we do not even know what the costs are. Hydraulic development floods enormous amounts of land and removes people from those areas that are traditionally their hunting grounds or where they have lived traditionally. Coal-fired generating stations put enormous amounts of carbon dioxide, SO₂ and nitrogen oxide into the environment. We do not really know what the total damage is to the environment, and the cost of trying to repair that damage is going to be astronomical.

Hydro continued to expand during the 1960s and 1970s and into the early 1980s with really no accountability. It was not until recently, with the demand-supply plan

hearings, that they have actually had to answer to the public in a very significant way.

I would like to point out table 1 in my presentation. This is the estimated use of electricity by Ontario Hydro. In 1975 they projected they would need in the area of 140,000 megawatts of power with a reserve of almost 40,000 megawatts. You can see where the actual figure was; it was down around less than 15,000 megawatts. That is a significant difference. Right until 1989 their estimates were still exaggerated from what the reality was.

The only reason Ontario Hydro and the Municipal Electric Association consider expansion in need is because of their promotional packaging of the need for electric energy; for no other reason. It should not be a market-driven commodity. It should be something that is used because of need, and the need has been exaggerated by Ontario Hydro and the Municipal Electric Association.

The rates are going to go up, are going to continue to go up. We are going to see an enormous amount of difference between the price of natural gas for heating as opposed to electricity for heating. The significance of cost and environment should be looked at.

We are in a world that is changing incredibly fast—we have seen countries disintegrate and new ones being formed—and Hydro is going to have to change as well. It is going to have to be fiscally responsible and at the same time promote and push stronger energy conservation methods. Of course it is a radical change, and any change is scary for people. They can look to the United States, to some utilities down there, they can look to BC Hydro for some of the conservation methods that are being used elsewhere. They are still running their own ship. They still do not look at how other organizations are doing things.

1510

In the United States, public utilities actually save money by not building new power generation plants and then they pass those savings on to the customer. As it is now, they want to promote more nuclear power, they want to promote more development to increase their debt. It is not just the customers who are paying, it is all taxpayers in Ontario when you consider that over half the debt in Ontario is in the pocket of Ontario Hydro.

There have been recommendations in the past. I hope these hearings will significantly increase the accountability of Ontario Hydro. In the past when they have had task forces, commissions and public hearings to try to figure out some answers for making Ontario Hydro more accountable, they came up with some amendments that were ignored, or the ones that were implemented—for example, the Ontario Energy Board Act was changed so that Ontario Hydro would have to tell the OEB it was going to have another rate increase at least eight months in advance. The OEB would then go public with it and, four months before the change, would table a report. It was just a recommendation, but it is important to note that the OEB was instructed to only review and make recommendations on rates; it does not actually set them. It is different from the gas rates, which they actually set. Hydro has retained the authority to determine its own rates. To me, the OEB has more bark than bite.

The bottom line to these amendments to the Power Corporation Act is that Ontario Hydro will be more accountable to the government of the day. While the Power Corporation Act is still very limiting, we have to start somewhere. There has to be an effort to change the way we are going because we just cannot continue on this route. Accountability to the public by the government is a step towards a more democratic and fair system.

As I mentioned earlier, Ontario is one of the largest energy users in the world. Canada is second only to Norway. In Canada itself, Manitoba and Quebec use a little more per capita, but we are still way up there. One of the implications is fuel switching. If we were to switch 500,000 electrically heated homes in Ontario to cheaper, cleaner fuels, we would ultimately save the customers money, we would save the corporations money and we would cut greenhouse gas and acid gas emissions significantly.

I will give you an example: Between 1975 and 1991, homes heated by electricity were billed a total of \$8.94 billion. If these same homes had been heated with gas, or oil if there were no gas service available, they would have paid a little over \$5 billion. That is a real saving of almost \$4 billion in costs to those customers, and also a significant saving to Ontario Hydro for not having to produce more electricity.

Looking at the environmental side, for the same time period, heating with electricity contributed between 119 million and 193 million tonnes of carbon dioxide. If the houses were heated with gas, it would be between 53 million and 120 million tonnes of carbon dioxide. That is a significant reduction: almost 50% at the high end of it. The saving in dollars could have been almost 78% over the same time period for the customers.

Ontario Hydro has laid out its plans for 25-year development and it is shown that its costs are usually underestimated. It is looking at \$200 billion for all forms of development, but past history has shown us that it generally underestimates construction. It is not just Ontario Hydro; most construction projects that are of a large size are usually underestimated. All sorts of factors come into account, delays of materials and so on, that increase the cost. So if Ontario Hydro is proposing to build nuclear power stations, for example, and I do not know if it will happen, the cost estimated at \$60 billion I think will be much higher.

MEA and Ontario Hydro suggest that customers who switch off natural gas will benefit and that the ones who do not will subsidize the customers who do. The fact is that Ontario Hydro has subsidized electric rates for the last 20 to 30 years, so what is the difference? They have also subsidized Atomic Energy of Canada Ltd by giving it millions of dollars to look into research for nuclear development. There really is not much difference in subsidizing for gas as opposed to nuclear. The fact remains that Ontario Hydro has subsidized those electric ratepayers who use electricity to heat their homes and at the same time the ratepayers have paid almost \$4 billion more to heat electrically over the last 15 years.

I would like to point out a couple of examples that I do not have photocopied. The first one is the 52-watt light-bulb. If they were more accountable, I do not think they

would have gone ahead with it. They sent them out to—I am not sure—every household in Ontario. I did not get one; I do not know why. They sent out the 52-watt light-bulb to every home in Ontario. The cost was \$7.5 million. The projected energy savings if people actually replaced 60-watt with 52-watt—give and take, a 40-watt is going to go out and they are going to put a 52-watt bulb so the 40-watt replacement—they estimated as the best possible scenario they would save \$5 million. That is just not acceptable, and this is what they try to do to so-called encourage the consumer to use energy efficiency and conserve energy.

The second example of accountability is the Goldfarb report that came out in, I think it was, August 1989. It was a secret document that the president at the time, Mr Franklin, said he did not know anything about, and other top-level executives said they did not know anything about, even though they were at the meetings. Goldfarb is a consultant who looked at how people in Ontario look at the need for a new supply of energy.

The recommendations came out that people felt there was no need for new power plants because energy efficiency would come on stream and people would conserve just out of their own choice. But on page 9 the recommendation to sell need that Ontario Hydro actively promoted was to encourage blackouts and brownouts. This happened in the Christmas of 1989, or it may have been 1988. I think it was 1989. If they were more accountable, would they do this?

In conclusion, I would like to emphasize the importance of reducing our electrical dependency. Economically it just does not make sense. Environmentally it makes sense to switch to cheaper, more economic and cleaner fuels. Do not be swayed by believing groups that are just looking out for themselves or their own organizations. Keeping the status quo will benefit no one over the long run. Let us use the past so that we learn from our mistakes as we look towards the future.

1520

Mr Jordan: Thank you, Mr Nolan, for taking the time to come and represent your group and for the time you have spent in preparing your presentation.

I think on three or four different occasions you have referred to the accountability of Ontario Hydro to the people of Ontario, to the customers. Mr Bath, in his presentation, which was just prior to yours, suggested that members of the Municipal Electrical Association be members of the board of directors, that a percentage of the board be made up of those commissioners.

You have a hydro commission in Atikokan, do you not? How would you feel if one of your commissioners were one of the board members in Toronto who was helping to devise policies that were acceptable to people and other commissioners across the province, thinking of the old concept and the concept that perhaps would be good today, where Ontario Hydro authority stopped at the delivery point?

They had authority to generate and transmit, but when it came to the retail part of it, it came under those elected commissioners at that location. So you get right to the

customer and that elected person is right there, and if you do not like what he is doing two or three years from now, whatever, he is not there any more. Do you think that would be acceptable?

Mr Nolan: I am not sure how accountable—are you saying that all the board members would be—

Mr Jordan: No, a percentage of them, so that you would make sure the views of a good cross-section of the province were there. You could not dominate the board, because the board should be represented by industry—the MEA represents about 75%, so the other people have to be represented also. You would need someone from rural Ontario, someone from industry and manufacturing and so on.

Mr Nolan: I think a wider representation of the general public is needed on the board of directors. I would not have a problem with being on the board with MEA officials or local utilities officials. I think it would be an asset to be in on a board like that.

Mr Jordan: Your main objective is to have some input by the people who are using the product?

Mr Nolan: Yes, essentially.

Mr Jordan: The other thing that has been referred to several times has been the debt. It sounds like a very large debt and it sounds like a cumbersome figure, but actually what we do not do when we are talking about Ontario Hydro debt is talk about its assets. If you look at Ontario Hydro assets relative to its debt, it is like having a \$30,000 mortgage on a \$150,000 home. A lot of us, if we had that situation, would think we were in pretty darn good shape. When you talk about Ontario Hydro debt, I think it is only fair that you have some knowledge of the assets of Ontario Hydro.

Mr Nolan: I would like to respond to that, in that the assets Ontario Hydro has include nuclear power plants that have to be taken apart, mothballed and stored.

Mr Jordan: May I interject there also? It does include that, but it also includes hydraulic plants that have been written off. They are no longer seen as part of the plant because they have served their time, but they are still producing the kilowatts and the only place they show up in costs is on the maintenance budget. So there is a certain balance there.

Mr Nolan: I know, but the fact is that 40% of our electrical energy comes from nuclear power plants right now and we do have a significant number and they want to expand. The fact is that 40 years is the maximum life of a nuclear power generating station, and what do we do with the waste?

People do not look at that. People do not look at the tailings of the uranium mining. We are lucky. Most of it comes from Saskatchewan right now, but what about the Serpent River first nation? They have to live with the contamination that is a day-to-day problem for them. We have to look at the fact of storing high-level radioactive waste. We have to look at the storing of the irradiated components in a nuclear power reactor. To me, those assets are liabilities and they are not looked at as liabilities. You cannot call them assets.

Mr Klopp: Thank you for your presentation. You brought out some very good points. The speaker beforehand talked about and we have talked about for the last two days power at cost. In my business, my neighbour has \$50,000 worth of equipment. He does about the same amount of work on his land, and I have \$40,000 worth of equipment to do the same work. I guess you could say we both have our equipment at cost, although it is different. I understand this association is going to do some conservation work, or at least ask people to look at conservation. I assume that is going to be figured in their power at cost locally.

Sir Adam Beck talked about power at cost. In fact yesterday there were some people who said, "Well, nuclear plants have gone up in price." It was commented on by a colleague who I assume is far more of a historian than I am, and he said, "Well, Sir Adam Beck would have been accused also because he estimated the first plant would cost \$100,000 to build." But even back then engineers were wrong, with inflation and everything. So the first plant cost more money, but it was still power at cost.

I think you bring out some good points that all the costs have to be figured in. If Ontario Hydro were to spend \$1 billion to save energy but would save \$2 billion in electrical use, ie, not have to build another power plant, would you consider that a good deal? Would you consider that part of the mix, spending \$1 billion helping to be the mix of power at cost?

Mr Nolan: I think that would be a step in the right direction. If Ontario Hydro spent money on conservation the same way it spent money on development, I think we would be much further ahead than we are now. Right now they spend about \$3,300 to make a kilowatt-hour of energy and if we were to ask for that amount of money for conservation over the same amortized 40-year period that they do to build nuclear power stations, then we are going to be saving the idea of building new power-producing stations and at the same time we are going to be reducing emissions and are going to be more efficient as a society.

As for power at cost, the power at cost is going up. Adam Beck, sure, generates a fixed amount of electricity right now, but the reality is the costs of every new station they bring on line are higher. I cannot remember the exact figure, but I think it is half a cent per kilowatt-hour to produce electricity at Adam Beck, but they sell it for five cents a kilowatt-hour or something like that, so they actually save money. The cost avoidance that Ontario Hydro talks about is actually about that.

They average out the high cost of nuclear power production and the low cost of the old hydraulic stations that are paid for and the only real costs are maintenance and staffing. They average it out to about five cents but we are getting more and more new stations being put on line that are more and more expensive to produce. You are going to have higher cost avoidance and higher cost of production.

1530

Mr Cleary: I would like to know a little bit more about your organization. Once you have made your recommendations, who do you recommend to?

You also said it makes more sense to convert and subsidize to change fuel at the expense of all users of Ontario Hydro. I will just give you an incident from the area I come from—it is a fact because I saw his bill—this man runs a big farm operation. His monthly hydro bill was \$1,800. He brought it in and showed it to me. He has no access to gas or anything to convert to. This particular gentleman sells his corn and his barley at under \$100 a tonne at the present time. I would like your comments on that.

You say Bill 118 will make Ontario Hydro more accountable, and I would just like you to explain that to me too.

Mr Nolan: First of all, I think the gentleman you are referring to could look at some conservation methods, whether it is lighting or using different types of motors that are more efficient—just upgrading his basic electric needs. There are better refrigerators out there. Those costs should be handled by Ontario Hydro. If he were to switch, there are other fuels than natural gas. He could use oil or he could use propane for heating. Those are real alternatives to electric heat. Electric heat is not the only thing, but the MEA, the utilities and Ontario Hydro will have you believe that is it, that it is either gas or electric.

If we have more people on the board of directors, we are, I hope, looking at a wider number of people who represent different factions of society, more representation from non-technical groups like women's groups, native organizations, the MEA. I do not have a problem with putting my so-called opponents on a board like that as long as we all work together to encourage what I consider a cleaner society.

If the deputy minister sits on the board as an observer, a non-voting member, that is someone who has direct access to the government's policies and directions who can explain to the board at the time. If some issue comes up, the deputy minister can make some clear statement about what the directions are, what the policies are of the government so the board would not be confused. I would have to look at the rest of them to actually get a clear understanding or to make comments on it.

The Vice-Chair: Mr Conway, very quickly.

Mr Conway: Thank you, Mr Chairman. It is not as though we are pressed for time this afternoon. I am not going to be difficult, but to justify the taxpayers bringing us here—I am very interested in this presentation. I think I am probably the only one of this group who was there almost at the beginning. It was 12 or 13 years ago that I spent some time in Atikokan one winter week when ACNR was presenting before a previous version of this committee concerns that Mr Nolan has, I think, very effectively reiterated today. I am pleased to have an opportunity, a decade later, to resume the debate. I have a number of questions, but I am very sensitive to the Chair's concern about time.

There is an element of that old-time religion in this debate and I think you have been very helpful in presenting ACNR's views on what is for many a fundamental crux of what they would argue is the only kind of energy

policy we can have in this province. I would submit it is a very significant part of what this whole exercise is about, that is, the theological belief many have that we must not, as a matter of religious commitment, among other things, have any more nuclear power in this province. It is passionately felt. Quite frankly, I believe it is the view of the government, and as a democratically elected government it clearly has that right. I think ACNR has said, and you have repeated today, the views I have heard on previous occasions.

You started your presentation, Mr Nolan, by dealing with the question of greater accountability. I am intrigued by the whole concept of accountability, because the government has quite rightly advertised Bill 118 as an improvement in public accountability. My difficulty—I am just a farm boy from rural eastern Ontario; I am not learned in the law. I look at this legislation and I try to find precisely how and where it is Bill 118 provides for greater and better accountability. I do not see it. My friend the parliamentary assistant would rightly observe that the deputy minister now becomes a non-voting member of the board. I think that is interesting but it does not impress me as being particularly relevant. As you raised the issue, my question to you is how Bill 118 specifically improves the accountability of this gargantuan public corporation to the people of Ontario.

Mr Nolan: Once barriers are taken down, whether in a country like Russia or in a corporation that is pretty well running on its own right now, you have greater flow of information. In fact, in 1984 Vince Kerrio, when he was the Liberal Energy critic, stated in an interview or was quoted in the Toronto Sun that Hydro could ignore a request for information. They could also ignore the recommendations of the OEB and pretty well had absolute control over the direction they were going in. As I said before, I think and hope that if we have greater representation on the board, not just a select group of people—if the 22 members of the board were all members of the Municipal Electric Association, I would have a serious problem with that.

Mr Conway: But in the beginning the Hydro-Electric Power Commission of Ontario, in terms of its board of directors, was made up entirely of members of the Legislature. In fact, for a long time the board of directors consisted of ministers of the crown who held elected office. One of the questions I have, because there is a great interest, rightly so, in the business of accountability, is that I wonder whether we should return to the good old days from 1905 to probably about 1950 when in fact the only people who got to sit on the Hydro board were people who were elected to the Legislature and appointed by the Legislature to the Hydro-Electric Power Commission.

I submit that Adam Beck, one of my favourite characters, was one of the most forward-looking people the province has ever known, but I do not think there was ever a more colourful, more determined tyrant in Ontario, a man who was quite prepared to blackmail premiers and badger legislative assemblies. The tactics Beck employed as an elected official were, I suspect, not ones any appointed board member would even dream of, but my question remains: Why

would we not tie the accountability directly to people who were elected so that if they behaved badly, if they engaged in conservation schemes that cost more than they returned, you could simply throw the rascals out.

Mr Nolan: Good point.

Mr Conway: Thank you.

The Vice-Chair: That was a very short question, Mr Conway. I compliment you on the way you dealt with that in such an expeditious manner. Does anyone else on the committee have any further questions? We really do not have that big a time constraint.

Mr McGuinty: Why do I not take a moment?

The Vice-Chair: Our next presenter is here. Interjection.

The Vice-Chair: You have lots of time. Okay, then.

Mr McGuinty: On that gracious note I will continue. Mr Nolan, I am very interested in your presentation as well. I want to try to paint a little picture for you. Let's say I am elderly pensioner and am receiving a fixed income. I pay property taxes and am suffering under a terrible burden because my property taxes have been going up to the point where I might be forced to move out of the house. I also pay my utilities, so I pay my hydro bill.

At some point the government, which is made up of politicians, decides for political purposes—that has been known to happen—that it is going to use Hydro rather than government funds in order to make some kind of expenditure. So the expenditure does not show on government books, it does not show up in a deficit. It helps the government politically, but it hurts me because my hydro rates are going to go up. Had it put taxes up, I would not be affected as much as somebody who is earning more than me, because of course you pay taxes as a function of your income: The more you make, the more you pay. But when it puts up my hydro bill in order to subsidize something which is probably a government initiative, because government is now running Ontario Hydro, I am going to be hurt more.

You probably know that Bill 118 is going to remove the only protection I have between me and these politicians. Those are my directors who are legally accountable to me. Bill 118 is going to provide that when the government issues a directive, the only way the directors can keep out of hot water is to go along with the directive, because if they do they will be exempted from any kind of liability. Do you really have that much confidence in politicians running Hydro?

1540

Mr Nolan: I have some stories about politicians, but I am not going to talk about them here.

Mr Conway: But you can throw them out.

Mr Nolan: You can. Also, having so-called government programs funded by Ontario Hydro that have nothing to do with conservation I do not agree with, but the payoff period for Elliot Lake was a conservation effort. The reason I believe that is that there are no more tailings involved. The so-called cradle scenario is dealt with and then the production, refining and the eventual disposal of the wastes is not dealt with, so we are looking at cost savings there. Also,

we know that in using Ontario Hydro's nuclear power plant the costs continue to go up. They continue to have breakdowns and they continue to have problems, so the cost should be factored in there of using more nuclear energy. Paying them whatever the figure was—somebody said \$65 million—in some sort of social program ultimately saves the province billions of dollars in cleanup costs and problems associated with nuclear electrical production.

Mr McGuinty: But remember, Mr Nolan, I am the pensioner now and I would rather that come out of the general revenue fund, out of taxes, and not out of my hydro rates.

Mr Nolan: Right now how is the debt being paid? It is coming out of taxpayers' pockets anyway. They are not completely covering their costs through their rates; they are subsidizing the rates right now. They are low right now and they continue to go up. If they continue to go up at the present rate it does not matter if you are a senior on a fixed income or myself who is self-employed: I am going to have problems meeting those payments. Ontario Hydro should be actively promoting switching off of the incredibly dangerous and dirty electrical energy to a more efficient and clean fuel.

I am not going to make any money from this. I am here because I am completely convinced that the direction Ontario Hydro has taken over the last 30 years is the wrong direction. It has nothing to do with me making money out of this and it is not about the people who work for the local utilities and are afraid for their jobs; it is just because I am concerned about the environment and I am concerned about the problems that are associated with coal production, hydraulic production or nuclear electrical production.

Mr Conway: How would you feel, for example, about slapping a special levy of 10% on natural gas users like myself? I do not depend on electricity for space heating so why would we not slap a 10% levy on natural gas users, the revenues of which would go to stimulate interest in solar energy? That is not at all inconsistent with the thrust of this policy. I suspect if that were suggested, natural gas consumers, to say nothing of bond holders for British Gas, would be apoplectic because it would be seen to be transparently unfair.

It is not that you do not want to stimulate more interest in research and development in those kind of renewable sources of energy—that is all to the good—but the question would be asked: "Why should I pay? Why should Conway and Pembroke pay through their natural gas rate for that kind of highly desirable enterprise?" McGuinty's senior citizen would say it is probably a good thing we are doing some of these things for Elliot Lake and the Smoky Falls plant, but the question is one of equity. Why should I pay a disproportionate share of that cost because I am wholly dependent on electricity and my neighbour is not at all, or to a much lesser extent? The issue of equity is so transparent in there that I do not understand why it is not more evident to people.

Mr Nolan: I think the fact remains that people make a decision that will in some way benefit them. I make this decision because it is going to benefit me, it is going to

benefit the residents of Ontario and it is going to benefit people globally.

As for costs, if natural gas had to be taxed or some sort of supplementary cost was added to it, I would not have a problem. I do not pay that much for gas rates because I have made my home energy-efficient. I have done it on my own and I am going to have a five-year payback period. I put compact fluorescent bulbs in my home before they had the \$5 rebate because I wanted to do it and wanted to save energy, and my costs are down. The list goes on. I am doing this and I do not make money like you guys. I am on the same fixed income as these seniors.

The Vice-Chair: I am going to jump in here and this time I am going to call a halt. I thank you, Mr Nolan, for your insightful presentation and the fact that you were willing to stay on the hot seat for an extra 15 minutes for some of the members.

Mr Conway: It was a lot hotter in Atikokan 13 years ago, wasn't it?

Mr Nolan: I heard an interesting thing on the CBC news out of Winnipeg yesterday. It related to moving Parliament, the national capital, to Winnipeg. The 10th reason was they needed the hot air.

BRIAN DELL

The Vice-Chair: Brian Dell and the Golden Red Lake Environmental Group, please. Could you come forward and introduce yourself for the sake of Hansard and the members.

Mr Dell: Two hats, a hat trick; not quite, two thirds of a hat trick: This one here is me and that one is the Golden Red Lake Environmental Group. I am a little bit on the radical side for these people so I opted to first present a very generalized view of Hydro etc.

I would like to express my appreciation to this government for providing a forum for the general public to express opinions, ask questions and help provide answers to these complex problems. As in the old song Sixteen Tons by Tennessee Ernie Ford, Ontario Hydro has basically sold out the taxpayer to the company store—read "the banks"—a debt of billions, some estimate as high as \$30 billion. That is "billion," not "million." I guess you people are familiar with large figures, but coming from a small town of 5,000—if Sioux Lookout can claim 5,000, so can Red Lake—it is an astronomical figure. It is very hard to visualize these things.

A debt this large makes one wonder about this company's—I am calling it a company; it is a corporation actually—performance. We must remember that an estimated \$13.4 billion of this debt is tied up in the Darlington nuclear plant, which has not produced one single kilowatt of power to date. This can be fixed however by adding another paltry \$10 billion to the pot to make it work.

Debt obligations are one thing, but I shudder to think of the interest we are paying on these mega-amounts of money. Who reaps the interest on this huge debt? Good question. Domestic or foreign banks, pension funds, Canadian institutions, foreign investors perhaps? Some or all of the above? So much for fancy financing.

1550

Let's examine the operating scenario of Ontario Hydro. Here we have a corporation which has a virtual monopoly on electrical power in this province. It has a monopoly on power generating, generator construction, design, transmission, distribution and maintenance of almost all electrical power used in Ontario, not to mention what it exports, primarily to the United States. I am admittedly oversimplifying it, but it is a virtual monopoly.

To top it all off, Ontario Hydro also has the power to charge whatever amount it likes for its services, as you can see by the latest 13% hike. If this is not a total monopoly, what is? Most businesses I know would love to have such control over production, markets, distribution and regulation of this commodity.

How can such a sweet deal go wrong? How can it get so deep in the hole? I know I will get an argument on whether we are in the hole or not, but I am assuming that nuclear power plants cost just as much to shut down as to start up, not to mention the disposal of nuclear waste, which is why I am here in the first place and how I got interested in this. They have been trying to put it in Red Lake for about 18 years.

How can such a sweet deal go wrong? Now add to this positive scenario a generous sugar-daddy, the Ontario taxpayers and ratepayers, to bail Hydro out of any costly mistakes, cost overruns or whatever, or possibly mismanagement—I do not know how many lawyers are here; I could get sued for this—such as nuclear power and other megaprojects, perhaps borrowing at bad times, high interest rates, borrowing at the wrong time, building at the wrong time, high waste.

This is truly a vision of the Ontario Hydro tail wagging the Ontario government dog, and it seems our present government is trying to come to grips with it. I do not necessarily think this is the way to do it, but they are trying. I support this government's efforts to try to control Hydro, but I fear it is too late for halfway measures, such as these amendments, to make much effect.

In the private world, when a large entity such as Hydro ceases to be financially responsible, it goes bankrupt or becomes restructured. Any large corporation, General Motors, for instance, has ways of staying afloat; fire half the people, whatever. It is hard for a government to do that. It is hard for a government corporation to do that. But perhaps the corporation should check a few things out with some other CEOs, some private guys who are making it work; Honda, maybe. In my opinion, Ontario Hydro should be restructured. I am not an expert on restructuring companies. I am raising more questions than answers, that is for sure. In my opinion, Ontario Hydro should be divided into smaller, more manageable units—perhaps; I am not even sure of that—either public or private or a combination of the two.

Whatever form Hydro evolves into in the future, it must become financially responsible, businesslike and operate with a true regard and respect for its customers and shareholders, who are the people of Ontario.

I would like to do the other part separately, please.

The Vice-Chair: You would like to do the other part separately? Move over.

Mr Dell: I will move over after.

Mr Dadamo: Mr Dell, I thought we were going to get the second one by the time I was going to ask this question, so I was going to say that in book 1, on page 3, the top paragraph, you say, "In my opinion, Ontario Hydro should be divided into smaller, more manageable units, either public or private or a combination of the two." I think that midstream in the paragraph you said you were not sure. Could you explain?

Mr Dell: I am not sure exactly how to do these things. In my opinion, Ontario Hydro is too huge to be efficient. I think it has reached a critical mass, to use a nuclear phrase, a very dangerous critical mass. It is too unwieldy. An amendment such as Bill 118—if I were Hydro, I would welcome that bill; it would expand my empire, I think. Anyway, maybe they do; maybe they do not. I do not know, but I think—this is just my personal opinion.

I come from a small place and I get a certain amount of Ontario Hydro. We have a generating dam 40 miles down the road at Ear Falls. That is the name. For years they have refused to have servicemen locate in the Red Lake district proper, 40 miles away, but have kept their Hydro colony—Hydro colony is the term—going in Ear Falls. We had a power outage last February, about the fifth. It was something like in the neighbourhood of 45-plus below zero. I have a couple of tenants seven miles away from where I am. I had to go and bring sleeping bags for them. I had to worry about my water lines freezing. The power was off for 12 hours. That is just one little thing, one instance. They have been trying to upgrade it.

I know I am getting from great generalities to small particulars, and maybe trying to justify a political hard-on for Hydro or something, but not really. I think if Ontario Hydro was more responsible to the people of Red Lake, it would have a man in Red Lake who could switch over a transformer properly so that it does not kick out five more transformers. That is expensive. Transformers are \$50,000-plus, even little ones. These are—what?—45,000 volts.

Anyway, maybe what I am saying is small is beautiful. Maybe what I am saying is that I do not think Ontario Hydro actually is responsible to the people, especially financially. I do not buy that asset argument that says nuclear plants are worth something. As long as they are working, they are worth something. As long as they are working fine, they are worth something. The lifespan of a nuclear plant is—what?—30 years, 50 years; probably 20 or 30.

Mr Conway: Forty. Ask Leo.

Mr Dell: Okay. I am going to wait till he cools down. I am not going to let him get a word in edgewise.

But anyway, then when you do, when a nuclear plant shuts down, you just cover it over with some dirt or push it into Lake Huron or push it into that park. What is that park called by Bruce—does anybody know?—the park that is no longer good because of the radiation? Anyway, I do not know. Shall we say that I am raising a lot of questions?

But I, definitely, deep down, think that serious moves have to be made on this problem.

Mr Dadamo: You were talking earlier about finances and how out of control you feel Ontario Hydro is today. We know there is this \$30-billion debt. If you were the representative from your environmental group, sitting around this large table in Toronto somewhere—

Mr Dell: He is over there.

Mr Dadamo: But you are over here now. What would you say to these people about this \$30-billion debt they have, if you were allowed to speak to these people?

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Mr Dell: I would say that, number one, from a business point of view, you would have to have some kind of an audit to start out with. Okay, what have you actually got? I realize that the demand-supply plan is supposedly trying to have a look at this or trying to estimate the power needs and the power capabilities of Ontario Hydro, basically, but I guess some of the smaller producers also. I think Ontario Hydro really has to be looked at from a basic standpoint: Is Ontario Hydro efficient, is Ontario Hydro responsible, and is Ontario Hydro fiscally responsible?

It is by far the largest part of Ontario that is owned by whomever, Germany, New York, Japan, the Bank of Nova Scotia—I have no idea.

Mr McGuinty: Mr Dell, I am intrigued by the wording found on page 3 as well, that Hydro should be divided into smaller, more manageable units, either public or private, or a combination of the two. You must have heard of the recent British experience with privatization of their public utility. From what I understand, the net result has been beneficial environmentally. The private power producers are now buying cleaner coal. If they are building new generation, they are building gas-fired. Nuclear is simply not economically feasible.

I am not sure whether it would have the same effect here, but it would appear in that case that they did not look to government to control Hydro, they did not look to the public utility or Hydro's directors to control Hydro; they looked to a force which they saw as being a stronger force: the market force. I am wondering if you think we would benefit from that kind of experience here in Ontario.

Mr Dell: You have a very good point there. Another thing about the British experience, I guess British Hydro, or whatever they call it—is that what they call it? Is it British Power?

Mr McGuinty: I am not sure.

Mr Dell: It is much easier for a person to be responsible to a smaller group in a smaller area. Maybe that is what it is. Maybe there is a Bristol or Liverpool Power Corp now, where if you had a complaint you would have to talk to London, maybe even 10 Downing Street; I do not know. Maybe even just by the structure they made they became more involved, more accountable and more easily accountable.

You know the old right-hand/left-hand story, where the right hand does not know what the left hand is doing. If you only have one hand, sometimes it is not bad; sometimes it is not good.

Another thing about British Power, though. Apparently they had a heck of a time selling their nuclear plants off. I do not think they did. There are no buyers, not fiscally, not financially.

Mr McGuinty: They have had the same experience with some plants in the United States.

Mr Conway: May I have a supplementary on that? What would you suggest we tell the representatives of organized labour if they were to come and present us with an anxious concern about such Thatcherite privatization?

Mr Dell: We all know what happened to Thatcher.

Mr Conway: I have a feeling the president of CUPE Local 1000 might be a bit nervous to hear this kind of revolutionary doctrine. What kind of advice should we offer to ease the passage into this revolutionary new world?

Mr Dell: I do not know if we can ease the passage. They were trying to ease the passage in the former Soviet Union for a while and it did not work. They ended up kidnapping the boss there.

Mr Conway: So what you are saying is that we take a Yeltsin, not a Gorbachev, approach.

Mr Jordan: I think it is becoming clear that we should ask the question, who is Ontario Hydro? We just had an excellent presentation telling us that it is made up of 314 municipalities with elected commissions that represent the people in those municipalities. I cannot think of anything more democratic. The only thing is that rural people do not have a so-called municipality where there is a commission, and they are dependent on the Ontario Hydro rural office as their representative, or their member for that district in the Ontario Legislature.

Mr Dell: Basically, what you have is a federation, then.

Mr Jordan: Excuse me a minute, but when we say Ontario Hydro is a monster out of control, the definition of "monster" is "a figment of the imagination."

Mr Dell: I did not say "monster." I said "company."

Mr Jordan: But it has been stated that Ontario Hydro is a monster out of control. Some Minister of Energy apparently made it, but I think it is time we got to know the makeup of Ontario Hydro and realize that maybe you and I as customers have been just as lax as some of the people you are referring to in your district who do not know how to phase a switch to the proper size so it does not have a sequence of blowing the other ones down the line and things like that. Those can all be corrected without any major overhaul of the corporation.

I wanted to go back to the fact that in my opinion Ontario Hydro is not a huge monster at all, it is made up of 314 municipalities with elected representatives. The rural areas are looked after by rural offices, which in my experience are very answerable to the member of the Legislative Assembly for that district. If you come into the constituency office with a legitimate concern and I take it to the person in charge and he does not give a satisfactory solution or a satisfactory answer, then it is not very long until

someone else is going to know about it and it is going to be properly dealt with.

Mr Dell: How would you as a member for Hydro for Ear Falls effect policy in Ontario Hydro?

Mr Jordan: Does Ear Falls have a Hydro commission?

Mr Dell: No, it is Ontario Hydro. Okay, how would Sioux Lookout—

Mr Jordan: I think Mr Bath earlier made it very clear in his presentation not only how he deals now with Ontario Hydro, but how he would like, as my colleague the member for Renfrew North said a while ago, maybe to go back to the days of Sir Adam Beck when the elected representatives were appointed to the board and answering to the people. These elected representatives could also be made up of the members from the Municipal Electric Association who come right from his town and are answerable to the people.

Mr Dell: The role of a public board is not to have—I sit on the hospital board. No employees are allowed to be on the hospital board.

Mr Jordan: Excuse me, you misunderstood. I do not mean an employee.

Mr Dell: The administrator cannot vote, etc, and why he sits there is a good question.

Mr Jordan: Not the manager, who is a staff person, but the elected commissioners who look after the hydro in that town. Ontario Hydro should be just wholesaling power to that community.

Mr Dell: But it is the only wholesaler. There is no competition; ie, monopoly. If you do not have competition, you are the only one. How many people in Ontario, seven million or eight million?

Mr Jordan: You might say that about a government with a majority of the seats. But the democratic process is there.

Mr Conway: Or my neighbourhood gas company, more to the point.

The Vice-Chair: I am going to jump in here and put a break in the interaction and ask that we go on to the second brief. I know we have ample time, but I always like to make sure everybody gets something near equal time.

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GOLDEN RED LAKE ENVIRONMENTAL GROUP

Mr Dell: The Golden Red Lake Environmental Group would like to thank the committee for the opportunity to present for consideration its views on the Power Corporation Amendment Act, Bill 118.

It must be stated initially that if, as is commonly perceived, the purpose of Bill 118—and this is what the committee thinks is the purpose—is to make Ontario Hydro more accountable and responsible to the people of Ontario and more subject to their control, and to encourage and facilitate Ontario Hydro's participation in fuel-switching programs which may in turn lead to an improvement in the utility's economic performance and result in greater use of more environmentally benign fuels and fuel systems, then we applaud that effort.

It is important, however, to recognize the significance of the changes that are implicit in Bill 118. The effect of these provisions designed to permit involvement in fuel switching is to allow, perhaps even to pressure, Ontario Hydro to become involved in areas other than the production and sale of electric power. It thus makes possible the encouragement and equalization of opportunity for conservation measures and other energy sources and technologies. Significantly, it also broadens the economic base that is influenced, perhaps even dictated, by Ontario Hydro.

The question that must be addressed becomes, is this a wise move given the history of Ontario Hydro vis-à-vis accountability and public responsibility? Concomitantly, are the provisions for increased public control which are contained in Bill 118 an acceptable tradeoff for the potential increase in Ontario Hydro's sphere of influence and control?

The answer on the basis of available information is no, that is, Bill 118 as currently proposed does not go far enough, or, in the more poetic expression of some disgruntled member in a recent meeting, what this bill is doing is giving a blood transfusion to this dinosaur so it can stomp around on us some more.

Recommendation 1: The broadening of Ontario Hydro's power which is implicit in Bill 118 should be granted only if the act simultaneously places control of the corporation very firmly in the public sector.

Let us examine the bill more categorically.

Structure of the board: While recognizing that the amendments proposed under this bill are focused on a very specific area, we believe it is imperative to examine the complex relationships between Ontario Hydro, the Ontario government, the consumers of electrical power and all those affected by its generation.

Especially since the Second World War, a series of important sectors of the economy have passed into the hands of the state. This has been variously described as a system of state intervention, a system of allegedly ensuring an element of planning within the economy, a system to supposedly monitor that section of the economy and make it accountable to the public. This has not succeeded in Canadianizing the economy nor has it ever contributed to the well-being of the public—that is a little strong there.

In reality, the giant corporations which monopolize key sectors of the economy, when they are nationalized, only make use of the funds of the state treasury, collected in taxes from the public, in order to protect these corporate giants against risks while they can profit from state-funded research and development. The state is also used in the construction of the infrastructure; the state has poured billions into development projects.

Industries can obtain their power requirements at a much lower rate than ordinary people. The state underwrites the cost of construction projects and in the process goes deeply into debt. The extent of borrowing can be illustrated by the fact that 10 years ago Ontario Hydro was the largest foreign borrower on the New York Stock Exchange. The authority of the state is thus used to intensify the concentration of capital, accelerate the annexation of small

and medium enterprises and further the monopolization of the economy.

Bill 118 is a classic example of this process. Under the guise of increasing the accountability of Ontario Hydro, it actually opens doors for its further control into other parts of the energy sector. Consequently, the provisions of Bill 118 to increase the accountability and public control of Ontario Hydro must be strengthened.

The increase in members of the board is commendable. However, an increase in membership alone does nothing to guarantee better representation. A director from Toronto cannot be expected to understand or to enunciate the energy needs of the residents of a northern, semi-urban community such as Red Lake, nor can a director from Red Lake be expected to understand or enunciate the needs of a resident of an isolated first nations community even further north.

Recommendation 2: Therefore, Bill 118 should stipulate that appointments to the board will be made on both a regional and a socioeconomic basis. For example, a division of the province into 10 regions would allow for the appointment of two directors from each region, two persons from differentiated socioeconomic backgrounds, thus reserving two seats on the board for the chairperson and the deputy minister.

The significance of the ability of energy policies and practices to impact on almost every aspect of a citizen's life cannot be overstated. At the same time, it should be recognized that the best representation will be given by a director who is directly accountable to those he or she represents. It is therefore not unreasonable to suggest that ultimately the board of directors should be elected on a regional basis. Each director would thus be dually responsible to the public, through election and through policy directive from the elected provincial government of the day.

Policy directives: That Ontario Hydro should be subservient to policy directives of the elected provincial government, particularly until such a time as it becomes an elected body itself, is a step in the right direction.

Broadened energy conservation programs or fuel switching: Bill 118 seeks to conserve energy by using the most appropriate fuel for a particular task. We believe the use of electrical power for space and water heating is extremely inappropriate. The fact that so much of Ontario's heating requirements are met by Ontario Hydro indicates serious mismanagement by this crown corporation. Here, we are primarily referring to the costliness of electrical heat. While we support that part of Bill 118 which encourages the use of the most efficient fuel for heating, we must ask whether a corporation with such a poor track record should be given the task of coordinating the switch. Should it be given the opportunity to broaden its power base through economic leverage?

While we recognize that past policies of Ontario Hydro have created a distorted and economically unjustifiable dependence on electric space heating and that it therefore has some obligation to correct that distortion, and while we understand that fuel-switching costs can easily be paid for by Ontario Hydro with the savings that accrue from such

switching, we are not convinced that Ontario Hydro should control the process.

Recommendation 3: That the fuel-switching program be developed and administered by an independent body and that Ontario Hydro be responsible for funding the program with such controls as are deemed necessary by the government of Ontario.

Conservation as addressed in Bill 118 emphasizes energy saved by using the most efficient fuel. Reducing the overall requirements for heat energy by means such as improving the thermal envelope, insulating, adding heat exchangers and using heat sinks etc are a means of achieving real conservation. Only after heating requirements have been minimized should the question of fuel efficiency be addressed.

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Recommendation 4: Overall priority should be given to the real conservation of energy realized by programs which reduce the amount of energy needed for space heating.

There is a tendency for discussions on heat energy to dwell on the major utilities: gas, oil and propane. These are largely non-renewable fossil fuels which not so long ago were a dirty word in terms of cost and pollution. Alternatives such as solar and geothermal energies and district heating, if developed, could go a long way towards reducing our dependency on the non-renewables, as well as electricity. Since they are effective on a small scale, they can easily be implemented without impacting too severely on the environment.

A consideration of megaprojects, with their consequent large-scale economic, social and environmental disruptions and their contribution to massive debt loads, make them unacceptable.

Recommendation 5: We recommend that when implementing fuel switching, a higher priority be placed on research and development of existing and potential safe technologies which are compatible with a smaller-scale implementation.

Conclusion: Bill 118 is a commendable and necessary attempt to place Ontario Hydro into a more accountable and publicly responsible position. However, in order to ensure significant change, the bill must place control of the corporation firmly in the public sector. Therefore, appointments to the board should be made on a regional and socioeconomic basis if the intent is truly to ensure a wider representation of the public's interests.

It is evident that we cannot continue the unrestricted supply of electric power. Implementation of a fuel-switching program is a valid means of achieving this change. Funding of the program by Ontario Hydro is appropriate, but it must be delivered by an independent body to ensure that its objectives are achieved.

In formulating these objectives, overall priority should be given to real conservation realized by initiatives which reduce the need for heat energy. Priority should also be given to research and development of emerging technologies and the utilization of small-scale alternatives.

Bill 118, if it is significantly strengthened by these measures, will be an acceptable means of reducing our dependency on electricity. It should be seen, at best, as a

short-term necessity on the way to a more effective and less centralized long-term solution. Thank you.

Mr Klopp: Thank you very much. You make things very clear on what you think are the concerns. I am going to draw into some of the comments that were made.

You mentioned that Ontario Hydro should be more accountable. You even mentioned privatization. I, with some of my colleagues, am a little confused. They have been jumping around. One moment we say to a person here, "I defend power at cost," and we say that is the way it should go, yet privatization means power for profit. In fact, that was even argued among two colleagues on the same side and we brought up about England. I am not so much against the idea of looking at Ontario Hydro to get more strictly working better. In fact, some would say private power might be more efficient, so that the kilowatt costs would not be any higher than what we have with our company here in Ontario: power for cost.

I think Sir Adam Beck was right, though, in his principle of power at cost and not allowing privatization. I am sure they had quite an argument back in those days on that, because they had an election over it. But I am sure Mr Beck did not foresee whoever the board of directors would be in 20, 30, 40 years after he was gone, ie, that in the 1970s, 1980s they would forget they were to represent all groups, from the farmer to a large corporation, and to look, as the original board would, I guess, where there were more elected people who had to partake. I think we should still be looking at that principle.

An interesting point is that you say here you actually think Bill 118 is not even strong enough to mandate Ontario Hydro to do more conservation. On page 5 you say, "That Ontario Hydro should be subservient to policy directives of the elected provincial government," and you applaud Bill 118 and in fact you even think it should be a little stronger. Is that correct?

Mr Dell: Yes.

Mr Klopp: The local member or at least the member from around here—

Mr Dell: Frank Miclash?

Mr Klopp: Yes. He says in here that actually Bill 118 should be stopped because it interferes too much with Hydro's mandate. So one person is wrong. Frank is telling people this bill actually mandates to Ontario Hydro too much to do the things you are talking about, and you are actually telling us we should even strengthen it.

Mr Dell: I am a little confused.

Mr Klopp: Should I listen to you or to Frank?

Mr Dell: No, do not listen to Frank. Is he a fellow party member? He is a Liberal.

Mr Klopp: I do not know. He is an MPP.

Mr Conway: That means he won an election someplace.

Mr Dell: As a matter of fact, I think he won twice, so now he can retire, the lucky son of a gun.

Mr Klopp: Seriously, you are saying we should actually strengthen Bill 118 even more down the road. Is that correct?

Mr Dell: Yes, according to this, page 5. Is that it?

Mr Klopp: On page 5 you think we should have more people on the board of directors, which I think I agree with, and you say you agree with the intent of Bill 118, that it should be following directions of the people.

Mr Dell: Do you want this hat or that hat?

Mr Klopp: Whatever.

Mr Dell: I guess I had better stay with this hat. The committee seemed to think—does think—that the makeup of the board of Ontario Hydro right now is definitely not reflective of the wishes of the rural north, for instance. Some discussion was on to parcel it into socioeconomic groups etc. Myself, I believe it should be elected and I believe the chairman of Ontario Hydro should be elected by the membership of the board. I do not know if that is feasible. It has never been done, but that would be an interesting experiment. I do not know. What would Sir Adam Beck say?

Mr Klopp: I think he might agree. Thank you.

Mr Arnott: I have a couple of questions. It is my opinion that appointments to public boards should be made, first and foremost, on qualification. Are you saying you disagree with that?

Mr Dell: The committee does agree, yes. It should be on—say that again, please?

Mr Arnott: Appointments to public boards should be based on qualifications, first and foremost.

Mr Dell: I think what the committee would like to see are qualifications from a wider spectrum of people, not just former Hydro employees perhaps, something like that.

Mr Arnott: Okay. How many socioeconomic groups do we have in Ontario?

Mr Dell: God, I do not know. The committee just said more.

Mr Arnott: How do you break those down, subdivide them? Based on income?

Mr Dell: Basically 10 regions, two each.

Mr Arnott: No, the socioeconomic groups, I mean. Is it just rich and poor?

Mr Dell: I think probably what the majority were thinking of was that they should perhaps have a woman on the board—perhaps have two or three—qualified women. I am qualifying that.

Mr Arnott: Thank you very much. That is fine.

Mr Dell: And maybe native groups or something.

Interjection: One retired.

Mr Dell: Yes, one retired guy.

Mr McGuinty: There are a couple of points I want to raise. First of all, with respect to your proposal of improving the quality of appointments to the board so that they would be more accountable, what good would it be if we were to improve the appointment process and we still had a provision in Bill 118 that those directors would have to do as they are told, and if they did that, and only if they did that, they would be provided with a special safety net, they

would be exempt from liability? What good are our directors going to be for us?

1630

Mr Dell: So you feel that Bill 118 takes initiative away from the board members by appointing the deputy minister?

Mr McGuinty: No, I am just referring to the specific provision which provides that the government steps in and says: "Look, folks, you're going to do this. That is an order. If you do it, we are going to afford you special protection. You can't get sued." For instance, when Hydro did what it did at Elliot Lake, the people on the board said, "We're very uncomfortable with that and we think our ratepayers are going to sue us, so we'll only go along with this if the order in council specifically provides that we'll be exempt from liability," and that is exactly what the order in council provided: "We're going to exempt you from liability for going ahead and doing what you're doing at Elliot Lake."

What good will it be if we go ahead and make these improvements, as you suggest, to the appointments process to make the members of the board more accountable, yet the government can tell them what to do and provide them with a special safety net?

Mr Dell: Another way to do it would be to select or elect board members in the Legislature itself, which is made up of elected representatives.

Mr McGuinty: What do you think of that? Let me put it to you this way—

Mr Dell: I do not know if it is possible, if there is a conflict of interest or not. That might be apparent there, too.

Mr McGuinty: As a ratepayer my question is, who is looking out for my interest? Who is looking after me? Whom could I sue if they made a mistake, if they were negligent? Should it not be my director, the person who in law is accountable to me, who has a fiduciary duty to look out for my interest?

Mr Dell: The way you put it, it sounds like you should. We have a similar situation with our hospital board. We have a clause in there too in which the hospital will pay if any of the board members are sued during any kind of board business: if you are sued for an auto accident travelling to a meeting; if you are sued for making a decision where a medical error is made; if you make a policy for, say, abortions and somebody sues you because of this abortion procedure. I guess it is not uncommon to have this sort of thing, but you do have a very good point, that you are taking the responsibility away by covering these people. Is that what you are getting at?

Mr McGuinty: Yes. My final point, because I know some members expressed some disbelief about liability of directors, is that I want to read into the record a very small paragraph contained in the order in council which was approved and ordered on June 6, 1991, signed by the Lieutenant Governor, Frances Lankin and Jenny Carter, then Minister of Energy. In paragraph 3 it says, "Officers and directors of the corporation who exercise a decisional discretion in

compliance with the policy set out herein will be saved harmless and indemnified jointly and severally"—good legal words—"from and against any and all liability incurred arising from such exercise." They did that because they were afraid that in paying \$250 million to the good people of Elliot Lake they would be sued by that pensioner I told you about earlier on who is very concerned about her rising hydro rates.

Mr Dell: We have exactly the same wording in our hospital bylaws.

The Vice-Chair: I am going to move over to Mr Jordan now. I have missed him.

Mr Jordan: I want to quickly refer back to the assets of Ontario Hydro. Correct me if I am wrong, but you sort of referred to them as not having value.

Mr Dell: Not as great a value as perceived.

Mr Jordan: Especially the nuclear plant.

Mr Dell: The nuclear plant especially.

Mr Jordan: Are you familiar with the nuclear plant at all?

Mr Dell: Yes, I am.

Mr Jordan: You have been through the plant?

Mr Dell: No, I have done a lot of reading on it. As they were going to ship it to my town, I figured I had better check it out.

Mr Jordan: You are talking about the permanent storage of waste.

Mr Dell: Yes.

Mr Jordan: You would not have had the opportunity to visit the present storage at Winnipeg that they plan to use, wherever they might choose a site? Have you seen that, or read about it at all?

Mr Dell: I have read about it lots, yes.

Mr Jordan: Just on the problems, let's go to Darlington, for instance. The nuclear action creating the heat is here, and then it heats natural water, which becomes steam, which drives a turbine over here. So really, that steam generator is the same whether it is driven by gas, oil or anything else. It is just over here where the heat was initiated that it was done, and we use the heavy water to slow down the reaction so it will be better and more efficient.

Mr Dell: So it does not blow up.

Mr Jordan: No, no, so we can use the natural uranium. That is why you do it. When you mention blowing up, with the Candu system the only danger you have to think about is lack of water. If something happened and the water—

Mr Dell: But I was primarily concerned that it seems to be quite an expensive way of generating electricity in the short term, and in the long term there still has not been a reasonable process for dismantling and disposing of the high-level nuclear waste, to my satisfaction, and I have done a lot of research into it.

Mr Jordan: Perhaps; I do not debate that with you. Atomic Energy of Canada Ltd feels it has established a satisfactory method of dealing with the waste, but it has to

be accepted, especially by the people of Ontario, and then the location in Ontario has to be acceptable to the people in that area. In the meantime, it is quite safe in the so-called swimming pools where it is presently stored.

Mr Dell: And I think it should stay there. Actually, perhaps we should store it in Queen's Park. It would really be well watched with you sharpies keeping an eye on it.

Mr Klopp: Leo's got a big office.

Mr Jordan: It might not do any harm.

The final point I was trying to make is that the maintenance and the expense is really not relative to the source of heat. Go and see it at Darlington. The shaft was made in Sweden. There was a problem with the shaft. Really, technically, in my personal opinion, it should not have been accepted in the first place, because of a defect in the shaft; although because of the size of the unit, the defect in the shaft was not detected.

Mr Dell: So who at Ontario Hydro is responsible and who gets sued for this? A board member can get sued—

Interjection: Not any more.

Mr Jordan: First of all, the manufacturer has not backed away from its responsibility, as far as I know. They are still very much involved, and that is why there is not that much concern financially. A lot of these figures are being thrown around—the cost of the plant was at \$9.5 billion and now it is at \$13.5 billion—and I have yet to find the actual construction breakdown of that plant.

The mistake, if it was a mistake that was made by other governments, was tampering with that reserve fund. It does not matter whether it is a hydraulic plant or a nuclear plant, there is a reserve fund there, because as soon as you transfer that plant from capital to operations and it is generating kilowatt-hours—mind you, when it comes on line you start paying for the plant over 40 years or over the life of the plant. You and I do not pay for it right away; it is spread out to us and our children into the system, the same as all our hydraulic plants were.

But over the years, sometimes instead of increasing the rates, some of that reserve fund was used, I believe. Perhaps, in hindsight, it should not have been, because now it would have provided the proper buffer zone to bring that plant on line without a major effect on your operating costs of the day. If I were a member of a commission of the local utilities, I think I would have a loud voice at my meetings in that regard, because you are getting whacked a little heavier than you should have been for it. It is just kind of frustrating to me.

1640

Mr Dell: Maybe people would not have gone to electric heat if the price were more reasonable. I was involved in one of these switch programs from oil to electric heat. I believe I actually made \$868 toward my investment in baseboard heat at the time. I am considering switching to a heat pump now, economically.

The Vice-Chair: At this point, I am going to call a halt. We have expanded from half an hour to almost an hour with this witness. We do have to close down.

Mr Conway: Is there another witness? I would just like to make one quick observation or question. I have never been in a committee which had so much free time or felt under such time constraints, but if that is the wish of the committee, I am quite happy to go and sit at the airport for two hours and twiddle my thumbs and read my magazine.

The Vice-Chair: If you make it a very quick question.

Mr Conway: One of the things I am struck by in some of the presentations here today, this one included, is the issue of accountability. I have created the impression that there might be some benefit in going back to the old idea of directly elected members running Hydro. I think that is just nightmarish. I cannot imagine it.

Mr Dell: Not running Hydro. A board is to ask questions, to report to.

Mr Conway: But the point is accountability. I do not know whether you have ever watched the British series *Yes, Minister*. It is a marvellous series because it takes the doctrine of responsible cabinet government and shows what can sometimes happen when there is not the will or the intelligence or just the determination to make that highly desirable theoretical concept a practical reality.

When Hydro was established in this province, one of the things its supporters were paralysed by was the fear that it was going to be run like the railroads and the post office, that it would be driven by parish politics. The determination of its architects was to create some kind of mechanism where in fact it would be the people's power but it would be run along some kind of businesslike principles.

Mr Klopp: That got short-circuited.

Mr Conway: As my friend says, that certainly got short-circuited. Adam Beck's views on what should have been done with the rural customers is not something I would take the time of the committee with today but I think your points around accountability are interesting. Various governments have struggled with this. This is a huge public corporation dealing in an area of enormous technological complexity. The nature of the relationship between so technical a corporation as Hydro with the kind of financing requirements that are going to be required—by the way, all the things you people have said about nuclear were said as a charge against Hydro in the hydroelectric era. There is not a paragraph I would have to change to make all that criticism attached to Ontario Hydro in the pre-nuclear age.

The question that remains for this committee and this Legislature in 1992 is how can we best strike a good relationship between accountability, which we all want, in a public corporation where the dictates are infinitely more complicated, for the reasons you very excellently cited in our presentation, and at the end of the day ensure that the miners in Red Lake or the farmers in Huron county have the juice when and where they need it at an affordable price.

Mr Jordan: The farmers in Renfrew.

Mr Conway: The farmers in Renfrew, I should add as well.

The interesting thing, by the way, about your concept is that much of Hydro was originally a private corporation. There is something deliciously ironic about the taxpayers in 1992 paying one last multimillion subvention to the heirs of F. J. Sensenbrenner over at Smoky Falls. I do not know how many times we have paid for that, but we are paying one more time, apparently. I have very grave doubts about what the government did at Smoky Falls, but quite frankly it would have to be pretty crazy to be crazier than some of the things successive governments have done there over the last 35 years.

Mr Wood: But that was privately owned.

Mr Conway: Exactly. Sensenbrenner owned it. But the whole story of how that plant came to be there, the point about turning over a lot of these operations to private—we took them in. We took all kinds of these little hydro plants across eastern and central and northern Ontario, largely from local resource producers who could only do business in northern Ontario—

Mr Wood: The Liberal government made the deal.

Mr Conway: Of course we did. We made all kinds of interesting and some perfectly crazy deals. The interesting thing I want to end with, however, is the concept that informs some of what you have said here. It is significant, and to a very large extent the new government has bought into it. It is a radical departure from the energy policy that every government of Ontario has pursued since the days of Adam Beck.

For good and for ill, successive governments in Ontario have, since the turn of the century, felt that if there was one sector we should control to the greatest extent possible with a made-in-Ontario public policy, it was energy. The new government and many of its supporters are advocating a policy that would essentially—that, by the way, is one of the significant justifications for the acceptance of nuclear power, that we had the technology, that we had the natural resource and that we had some of the capital required. That combination could ensure that for its difficulties—and atomic power certainly had that—we had a very real benefit and capacity that we could contain and recirculate within Ontario.

The energy policy that the new government is advancing and that is supported by a lot of people and I think is supported by some of what you have said, is essentially that to some extent we have to go beyond conservation. I accept that we are going to conserve vast amounts. How we do this without returning to the cave remains, for me, to be understood.

If we are going to have any new capacity, it is going to be thanks to Messrs Getty and Lougheed and the people who control natural gas. That is explicitly the policy of the new government and they have a right to advance that. But I simply say that in turning over that kind of energy sourcing to an out-of-Ontario community, in this case those people who control natural gas, we are making a very significant departure from—

Mr Dell: So you do not believe in Canada?

Mr Conway: I am not saying we—I certainly believe—

Mr Dell: Just Ontario?

Mr Conway: I certainly believe in Canada, but I tell you that one of the policies—

Mr Dell: You just do not trust those buggers out west.

Mr Conway: One of the things about the nuclear alternative is that it has had very significant Ontario benefits whether you worked at Babcock and Wilcox in Cambridge, at the research facility in my community at Blind River, at Eldorado Nuclear. You can scoff at those tens of thousands of jobs. Those were jobs in Ontario.

I can accept the argument that says there is a better way. Clearly you and the previous speaker have made that case. That is your perfect right to do. It is simply a point I wanted to make that in advancing the case the government has advanced, we are taking a more pan-Canadian view. That is, at a certain level, very commendable, but I suspect it will have consequences in Upper Canada that some of the people who pay the rates and send us to the provincial Legislature might at some time want to talk about. I thank you for your very interesting submission.

Mr Dell: To get back to the board business, basically what I got from you and Mr Jordan was that—I may be reading into it—your average layperson is not fit to sit on the Hydro board because he does not know anything about Hydro.

Mr Conway: No, that is certainly not my view at all. The question I am trying to understand is what your concept of effective accountability can be. I am perfectly comfortable myself with the basic principle that was contained in the Power Corporation Act of 1974 which ended the politicization to the extent of the board being run by cabinet ministers, and that a body, granted, in 1974 not nearly as representative as I think it ought to be—the point has been made by my friends in the New Democratic Party and others that we need to have a more broad-based representation of native peoples and women and a variety of stakeholders. I personally think that is a very legitimate criticism. That is the point I am simply making, and I am trying to understand again how people who support Bill 118 as making Hydro more accountable believe this legislation is going to do that. That is my rhetorical question.

1650

Mr Jordan: I would just like to clarify. Mine was that the members of the Municipal Electric Associations in your municipality or mine who have been elected would serve—

Mr Dell: Not in mine.

Mr Jordan: No, I understand.

Mr Dell: I voted for what's his name, the \$200,000 guy who runs the show down in Hydro, Featherstone or whatever his name is. I forget. The boss anyway, the CEO.

Mr Conway: The new boss.

Mr Dell: Well, I do not know.

The Vice-Chair: With this, I am calling a halt.

Mr Conway: We have provoked the Chair.

The Vice-Chair: It has gone on for in excess of an hour. As much as some people would like us to have our support staff hitchhike back to Thunder Bay tonight, they

do need time to pack up and prepare to leave with us and therefore I am going to call a halt to the proceedings. I thank you very much for coming in and wearing both your hats.

While the staff is packing up, if members wish to continue the conversation, I am certain that everyone will enjoy the time. At this point I believe Mr Huget was to answer a question Mr Conway had posed earlier on. I will allow that and then I will recess.

Mr Huget: The reference to the \$1.2 billion as referred to in the Elliot Lake situation is actually \$1.5 billion. It is arrived at when you take into account the current market price of uranium being \$8 to \$12 a ton. In the contracts for uranium from Elliot Lake, that uranium was being purchased at a cost of \$50 to \$60 a ton, which by the way had an overall impact on rates in the neighbourhood of about 2.6%. It is projected that not paying those fuel penalties at those inflated prices under those contracts will save the province \$1.2 billion to \$1.5 billion.

Mr Conway: It is the saving I am still confused about. The argument is that by cancelling, by not renewing the contracts beyond 1996, we will save the ratepayers \$1.5 billion.

Mr Huget: As I understand it, that is correct. What I can do for you is get as many specifics as possible from Hydro itself, which I am perfectly prepared to do, in terms of how that figure was arrived at precisely and how it was extrapolated to come up to the \$1.2 billion. We are perfectly prepared to do that. It is, I think, fairly easy information to get and we can get that for you.

Mr Conway: I appreciate what the member has said. The argument is, I think, sometimes being advanced that the \$250 million, the order in council, to which my friend Mr McGuinty has made reference this afternoon re Elliot Lake, the \$250 million or the financing that went with that order in council is significant but pales in comparison with a \$1.2-billion or \$1.5-billion saving. It is that saving, and I am still confused as to what that means.

I would certainly argue that if one looks at those contracts over the course of the 15- or 18-year lifespan—and

it is that; it is not 40 as someone was saying the other day—clearly we were paying a premium relative to what some of the other market conditions were in Canada and in the world.

But that is not an issue here. The government has decided, quite understandably, that it is not going to extend those contracts beyond 1996. It is prepared to extend for three years at a premium price of \$160 million, I think it is, which I understand. I just then do not see where this \$1.5-billion figure comes from. I would appreciate it if somebody would just get me the information.

Mr Huget: Certainly. We can clarify that. I do not have the exact term or length of the agreements, but they were to continue for quite some period of time. The \$250 million or so that is going to Elliot Lake is considered an investment when you look at the potential of \$1.5 billion in savings. We feel it was a sound business decision to do that.

We talk about accountability. I have the same questions you do in terms of accountability. I wonder who is accountable for the \$50 to \$60 a ton when uranium is selling for \$8 a ton. Clearly, when I listen to presentations today, that whole question of accountability comes very much into play, and I of course am not about to make a value judgement on the signers of those contracts. All I am saying is that it does tend to point, to me anyway, to raise that whole question of accountability.

Mr Conway: It is not my understanding, however, that the government has nullified contracts. My understanding is that one of those contracts had concluded in this year or next and was simply not renewed. At any rate, I am going to pursue it as well, because it has been oft repeated.

Mr Huget: We are very happy to get you the information, to Thunder Bay as quickly as possible.

The Vice-Chair: With that, once again I would encourage everyone to join in an informal discussion as we pack up so that our support staff can travel with us. It is an interesting concept. I will adjourn now till 1 pm tomorrow, 15 January, in Timmins.

The committee adjourned at 1656.

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Wednesday 15 January 1992

Standing committee on resources development

Power Corporation
Amendment Act, 1991

Assemblée législative de l'Ontario

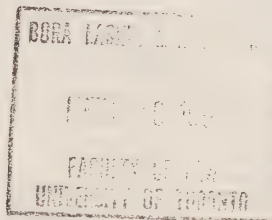
Première intersession, 35^e législature

Journal des débats (Hansard)

Le mercredi 15 janvier 1992

Comité permanent du développement des ressources

Loi de 1991 modifiant
la Loi sur la Société de l'électricité



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday 15 January 1992

The committee met at 1300 in the Travelway Inn, Timmins.

POWER CORPORATION AMENDMENT ACT, 1991 LOI DE 1991 MODIFIANT LA LOI SUR LA SOCIÉTÉ DE L'ÉLECTRICITÉ

Resuming consideration of Bill 118, An Act to amend the Power Corporation Act / Projet de loi 118, Loi modifiant la Loi sur la Société de l'électricité.

The Chair: Good afternoon. We are going to start promptly because there are a number of individuals and groups that want to speak to the committee. First, there is coffee and fruit juices, some of them made in Ontario, some of them as the result of cross-border shopping. Even down in Niagara, where I am from, we do not grow any orange trees yet. They are there for you. Please feel comfortable coming up here and pouring yourself a coffee or having juice.

Second, these devices, packaged earphones, are available on the table right at the entrance for people who want to listen to the proceedings as translated into either of the two languages, English or French. They are useful, of course, for people who may not be able to hear everything being said even if it is the language they speak because it will amplify that.

Third, all three parties in the provincial Legislature are represented here today, of course. Leo Jordan is the Energy critic for the Conservative Party. Dalton McGuinty, who is on his way in, is the Energy critic for the Liberal Party. Bob Huget is the parliamentary assistant to the Minister of Energy.

The first presentation is by the Canadian Oil Heat Association. Would they please come forward and have a seat. The best laid plans. Is Mr LeMay here from the Association of Major Power Consumers in Ontario?

Mr Owen: He stepped outside to hang his coat up.

The Chair: All right, we are looking forward to him coming back in view of the fact that Mr Rice may not be here yet. There was a large number of groups and individuals wanting to make presentations. We are going to be sitting here until around 4:45 this afternoon and then coming back at 7:20 this evening. It has been necessary to restrict participants to 20 minutes, hoping that people will use perhaps no more than 10 minutes, preferably closer to five. In many cases it is written material which can be distributed and will form a part of the record. The most valuable part of these proceedings is the discussion, questions and answers that take place after the presentation.

INCO LTD

The Chair: Mr LeMay, would you please come on up and have a seat. There is water there for you, and clean glasses. The Association of Major Power Consumers in

Ontario. Please, sir, tell us what your status is and then proceed to address us. Once again, we have a total of 20 minutes; we would like to save at least 10 for questions and dialogue. Please go ahead.

Mr LeMay: I am here on behalf of Inco Ltd, which is a member of the Association of Major Power Consumers in Ontario, and my remarks today will pertain to Inco. AMPCO will address you in Toronto when you are in Toronto.

I would like to give a little bit of background of why Inco is interested in power and then I will talk about Bill 118. I will not go through the detailed remarks, which your committee can read later. As most of you know, Inco is the non-communist world's largest producer of nickel. In our Sudbury operation, which is the largest part of our operations, we produce some 250 million pounds of nickel and a similar amount of copper annually. In addition, we produce platinum-group metals and a number of other important products. So the Ontario operation is a very large, important part of our operation.

The company operates in a very competitive international market; 95% of our nickel production is exported; 50% of our copper production is exported. We are price takers. We do not set the price, we have to get whatever price we can, so it is very important that we remain competitive and the only way we can do that is to control our costs. Electric power and energy are important cost items. Energy accounts for over 10% of our Ontario division operating costs, and electricity is in the order of 70% of that.

Inco uses power for everything from mine pumping to electrolytic refining, and Inco is the world's most efficient nickel producer when it comes to the use of energy. Right now we are the best in the world when it comes to nickel production and energy use. I do not know if that is a well-known fact or not. Our copper flash-furnace process is also the world's most energy-efficient smelting process. In both our nickel production and copper production, our starting point is that we are the world's most energy-efficient.

There is a graph. If you will turn to the first graph at the back, it shows our energy use in 1981, 1991 and 1995. As you can see, 1981 and 1991 are similar years of production, which is why we picked 1991. You can see our oil use has substantially declined. Natural gas use has stayed about the same, even though we have substituted a large number of oil uses. We have substituted natural gas. Our natural gas usage between now and 1995 will decrease substantially because we are going to go to a new flash-smelting process which is even more energy-efficient.

However, if you look at the bottom of the chart, you will see we used 10,000 BTUs per pound of copper and nickel produced in 1981. This has risen to 10.1 in 1991, and by 1995 that will be 11.9. The reason for that is we have had a whole number of energy-efficiency programs

aimed at electricity as well as natural gas, but a lot of the things we are doing to save fossil fuels use more electrical energy. We are using oxygen in our flash-smelting process. One oxygen plant alone uses 15,000 kilowatts of power, so we are using an awful lot of electric power to save other forms of energy. That point is important, from our point of view, and I will come back to it in a minute.

If you turn to the second chart—and it is a concern of ours—it shows what has happened to, again, the fossil fuel, natural gas costs and to electric power costs. On the 1991 cost, there is a mistake in the charts. It should read \$61.5 million, rather than \$63.5 million. But, as you can see, since 1981, our gas and oil costs we have essentially contained. That is both because of the deregulation of gas—we have been able to address the price—and because of the energy-efficiency improvements, we have also managed to contain the cost.

Electric power, you can see, almost doubled in cost over that period, and if you look at the projection between now and 1995, we are looking at some \$104 million for an electric power cost, which concerns us. One of the things that concerns us about Bill 118—we think anything that is done to change the mandate of Hydro is going to increase costs rather than reduce them. We have been involved in a good number of the Hydro conservation programs. They have helped us save money, but I do not think they are necessarily the most cost-effective programs. They tend to become fairly bureaucratic, as any government-type thing does. There are probably better ways of doing it.

I will turn now to Bill 118. Over the years, Ontario has prospered because of power at cost. We built our province really on good, reliable, economical electric power and we think we are losing that advantage. We do not think Bill 118 is going to help it.

The second point is the directors' obligations. If the directors do not have the normal obligations of company directors, why even have them?

The third point I would like to touch on are the fuel-switching and energy-conservation programs. Simply switching from electric power to natural gas does not make it more fuel efficient. In our own case, we have absolutely no alternative to the electric power we use. We cannot use natural gas instead of power. We do not have a choice in the fuel we use. If we switch to some other fuel, it would become much less energy-efficient, rather than more energy-efficient, so we have a real concern with the fuel-switching provisions of the bill as well.

Mr Huget: I would like your opinion on the potential for energy conservation and efficiency initiatives in a heavy industry like yours. Perhaps you could expand that a little bit to a picture you may have of province-wide potential for savings, first of all in consumption of power but second in the bottom line of your operations.

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Mr LeMay: I will start with the bottom line. In the numbers I have provided, we are looking at about 8% to 10% in total conservation between now and 1995. But if you look at the electricity numbers, we are looking at an increase between 15% and 20% in electric power consumption.

The reason for that, as I said earlier, is that we are using the electric power to save overall energy. There is very little scope in total for electric power conservation in an industry like ours. We are involved in a number of large programs. Our lighting program where we are changing some 24,000 lighting fixtures will save us about 4,000 kilowatts of power. In contrast one new oxygen plant takes 15,000 kilowatts, so even though we can save quite a bit, we are not going to end up using less. It will be more.

Mr Huget: That more or less is the nature of your processes. You are having to come up with those types of processes internally that really constantly consume more energy?

Mr LeMay: They do not consume more energy, they consume more electricity. Our energy consumption has gone down 23% since 1981. It will go down another 8% or 10% in the next few years but the electrical portion will go up.

Mr Huget: That increase in the electrical proportion is to increase your processes overall?

Mr LeMay: No. We are staying at about the same level of production.

Mr Huget: But that must be an improvement in your processes if you have—

Mr LeMay: It is both an improvement from an energy point of view and an improvement from an environmental point of view. We are going to be reducing our sulphur dioxide emissions appreciably.

Mr Huget: Could I get your views on the security of supply issue? I think there are some concerns we have heard from several groups about the security of supply, and I think it is a particular concern of a large industry like yours. I would like to get your views on the whole issue of security of supply if we look at the current status of a nuclear moratorium.

Mr LeMay: We have a concern that the security or reliability of the system has deteriorated. The recession has helped that certainly for the short term, but in the long term if we are to have economic growth in the province I think we are going to need more power supply.

Mr McGuinty: Many people are under the mistaken impression that in our energy-intensive industries we have not yet begun to fully tap all that tremendous reserve of energy conservation, but it appears to me that your company has pursued that rather aggressively.

Mr LeMay: Yes, we have. We have pursued energy conservation for a large number of years. I think as I said earlier, we are the most energy-efficient nickel producer in the world. That does not mean we have stood still either. We have about 40 programs right now ongoing with Ontario Hydro and the Ministry of Energy.

Mr McGuinty: How much is your electricity bill going to go up this year with the 12% rate hike?

Mr LeMay: Our bill was \$61.5 million in 1991. It will be \$73.6 in 1992. Part of the increase is due to the rate increase, about \$7 million to \$7.5 million. The rest is because we are going to processes that are more electrically intensive.

Mr McGuinty: You are probably aware that the minister intends to introduce formal amendments to Bill 118 which are going to provide, with respect to one item, that Hydro cannot be compelled to do anything that takes it outside of its traditional mandate of supplying us with power at cost. That may be comforting at face value, but on the other hand there remains the issue of Elliot Lake. What Hydro did or was compelled to do with Elliot Lake took place without benefit of any amendments to Bill 118.

So I am still concerned about what government, any government, can compel Hydro to do, and I am particularly concerned about the provision in Bill 118 which is going to exempt directors from liability as long as they do as they are told. I am wondering who is looking out for the interests of the ratepayers.

Mr LeMay: do you have any suggestion as to what we might put into Bill 118 which would ensure that the interests of the ratepayers are maintained first and foremost?

Mr LeMay: I think rather than put something into Bill 118, stop the interference with Hydro. The Elliot Lake thing cost and will cost our company for two more years over \$700,000 annually in our power bill. The details of the Kapuskasing one we do not really know, but we expect it will be a similar type of cost.

Mr McGuinty: Have you explored electricity costs in other jurisdictions?

Mr LeMay: I have not got at my fingertips the details on our other operations, which are in Indonesia and Manitoba. In Manitoba we buy from Manitoba Hydro, which is considerably cheaper. In Indonesia we own our own power plant, so that is an awful lot cheaper.

Mr Jordan: Thank you, Mr LeMay, for taking the time to be part of this presentation this afternoon. I have not had an opportunity to read your brief in detail. However, there are two or three items I would like to have clarification on. You mentioned the flash process that you have initiated. Is that energy-efficient?

Mr LeMay: It is energy-efficient. It basically was done initially for environmental reasons. It allows us to capture the sulphur dioxide emissions from our process. By 1995, we will have contained more than 90% of the sulphur in our operations.

Mr Jordan: You also mentioned that the introduction of oxygen consumes 15,000 kilowatts of power. Did I read that right?

Mr LeMay: That is our third oxygen plant, our number three oxygen plant. We already had two that consume some 20,000 to 25,000 kilowatts of power.

Mr Jordan: How many employees do you have?

Mr LeMay: There are 7,300 in Ontario.

Mr Jordan: As the parliamentary assistant to the minister has stated, I think the reliability of supply seems to be coming to the fore at different meetings. Do you see Bill 118 as a detriment to a positive approach to the supply of energy?

Mr LeMay: I think it is part of the overall attitude that has led towards what we feel is the decline in the reliability of the system.

Mr Jordan: Also, I assume you are familiar with Bill 118, as you talked about it.

Mr LeMay: Yes.

Mr Jordan: Perhaps there will be clarification required, but as I read it I understand that the minister is saying he is willing to amend it in that the directives issued to Ontario Hydro will be within the mandate of the act. But it does not go on to say, "the mandate of the act as amended."

Mr LeMay: I was not clear on that when the minister said it either.

Mr Jordan: My understanding, and I stand to be corrected, is that they are willing to have the directives within the act as the act is amended, which to me is very important, in that "as amended" allows us, in section 56a, not to deal with electrical energy but with all energies, and have our hydro bills absorb the cost of doing that.

Mr LeMay: We have a worry with the bill that we will end up paying for other people to switch to natural gas when it might not be economic from an overall point of view. One of the things that has to be considered is the cost of the natural gas system. The Iroquois expansion of TransCanada PipeLines to supply gas to the United States, for instance, costs us \$1 million a year as a company.

The Chair: Thank you very much for taking the time to prepare this material and for coming to speak with us. I trust you will be kept advised of the progress of these matters by some if not all of the people present. We appreciate very much your coming.

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CENTRA GAS

The Chair: The next participant is Centra Gas, represented by Jane Peverett and Brent Bailey. If you would please come forward, have a seat and tell us what your positions are. We have your material, which will form part of the record by virtue of becoming an exhibit. People will read that, of course. We would appreciate it if you could keep your comments to less than 10 minutes so that we have sufficient time to engage in dialogue, which is obviously very productive.

Mr Bailey: We do have some handouts attached to the package which I will be referring to.

My name is Brent Bailey. I am director of marketing and sales at Centra Gas. With me here today is Jane Peverett, who is our manager of planning and forecasting.

We would like to thank you for this opportunity to appear before the committee. We would like to provide the committee with some facts about the present energy environment in those parts of Ontario which Centra Gas serves. As well, we will address the impact as we see it of the proposed amendment to the Power Corporation Act on the present and future customers of Centra Gas, and specifically that element of Bill 118 which deals with the substitution of other forms of energy for electrical energy.

To begin with, I would like to give you a sense of the size of Centra Gas and show you the areas across Ontario where we distribute natural gas. If you would please turn to exhibit 1, you will see that Centra Gas serves homes,

businesses and industries in Ontario from the Manitoba border across all of northern Ontario and as far south as Orillia. We also serve along the Highway 401 corridor in eastern Ontario from Port Hope across to Cornwall or basically the Quebec border.

In total, we have over 190,000 customers in 164 communities as a result of steady growth since the company's inception in 1968. Those statistics are in the second exhibit.

We operate over 4,200 kilometres of natural gas distribution pipe, employing 745 people full-time. That number swells to approximately 1,000 in the construction season in order to meet the demands of adding between 7,000 and 8,000 new customers a year in these markets. In 1992, our company plans to invest \$33 million in capital for natural gas pipeline expansion to service its customer growth additions. This year our new customers will come from oil and electrically heated homes converting to natural gas, new housing and commercial development and one new community which we will pipe in eastern Ontario, that is, Frankford.

Centra Gas is a Canadian-owned company that is regulated by the province through the Ontario Energy Board. All expenditures we make are made with consideration of the public interest and safety and according to extensive feasibility guidelines set forth by the Ontario Energy Board.

Jane Peverett will elaborate on how this process protects the interests of Centra's existing and new customers with regard to the impact of fuel substitution programs within the context of Bill 118.

Ms Peverett: I would like to explain the process Centra uses to determine whether or not it can provide natural gas service to a new customer, and how this process is affected by the fact that the company is a regulated utility.

As a utility, Centra is regulated by the Ontario Energy Board, which I will refer to as the board. The rates we charge for natural gas are approved by the board to recover our costs. In setting rates, the board and other public interest groups scrutinize our operations in a public forum to ensure that our costs are reasonable and prudently incurred, and this includes the costs to attach new customers. Their concern is that extending service to new customers should not result in undue rate increases to our existing customers. To make sure this is the case, we assess the economic feasibility of attaching each new customer using a discounted cash flow test. This test compares the costs of serving the new customer to their gas sales. If the new sales offset the additional costs, there are no increases to our existing customers.

If we wish to serve a new community, the review is even more rigorous. In addition to the economic feasibility test, we have to apply to the board for a certificate of public convenience and necessity and conduct environmental studies to make sure the new facilities are environmentally acceptable. If it happens that Ontario Hydro pursues a fuel-switching program, customers who want natural gas service from Centra will be evaluated using these same economic feasibility tests to ensure that attaching them is feasible.

There are three broad categories of new customers: those who are located on existing pipelines; those who are located on streets which are not yet piped for gas, and those who are located in communities which are not yet served by gas at all. Customers in these categories tend to differ with respect to their economic feasibility. On-main customers tend to be feasible because the cost to attach them is relatively modest. Off-main customers will be feasible if there are enough customers on the street who wish natural gas service. New communities are the least feasible because of the higher cost to build the pipeline to the community itself. Centra maintains a portfolio of feasibility studies on the communities within our franchise boundaries and has already provided gas service to almost every community which is currently feasible.

Unfeasible communities could be served if potential gas sales increase, for example, by the addition of a large commercial or industrial customer, or if the cost of piping the community is reduced. It is our experience that industrial customers are often unwilling to locate in an area where natural gas is not available. However, the idea of funding natural gas projects is not new. In the mid-1980s the federal government provided funds to permit gas expansion into uneconomic communities. As Mr Bailey will indicate, there is significant potential within Centra's areas today to extend gas service under a similar program.

There is a structured regulatory process we follow to evaluate new customers and to receive approval from the Ontario Energy Board to serve them. Depending upon the type of customer, it can take between 6 and 18 months to receive approval to serve.

To summarize, because Centra is a regulated utility, all new customer attachments are subject to economic feasibility tests to make sure existing customers do not face undue rate increases as a result of attaching new customers. Unfeasible customers can be made feasible by reducing the costs to Centra of attaching them. Finally, all proposed attachments must be approved by the Ontario Energy Board, a process which follows a structured timetable which must be recognized when planning service to new customers.

Mr Bailey: In concluding our remarks, I would like to turn now to the technical capabilities of Centra Gas to meet the demands of our marketplace should the bill pass in its present form.

Our market research has shown there are 57,000 single and semi-detached homes located in gas-served areas within Centra's franchise limits which are not currently using natural gas. Of those homes, two thirds or 38,000 are electrically heated. We have recently experienced growth in demand from this market to switch from electricity to natural gas heating. However, the cost of conversion still remains a substantial barrier. Centra has worked hard to develop new, less expensive and more energy-efficient systems to respond to this important market segment.

If you look at exhibit 3, I have one example, being the introduction of a system which uses a single natural gas hot water tank to heat both the living space and the domestic hot water requirements of the home. We call this a combo system. In 1991 we installed 675 of these systems

in apartments and small housing units. The combo system provides an energy-efficient alternative to the market and could, from a technical point of view, help to meet the electric to gas fuel-switching demand of the marketplace.

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At Centra we have also made a commitment to facilitating a retail distribution network for natural gas appliances such as ranges and dryers. Through a network of 40 independent businesses serving all the communities and markets within our franchise boundaries, we have the combination of product available and the installation expertise in place to serve fuel-switching programs targeted to this market. Market acceptance of natural gas appliances has been rising since Centra Gas began this activity in 1986.

In closing, I would like to share with you some work we did last spring to determine which communities in northern and eastern Ontario still do not have natural gas service and what costs and subsidies would be needed to get them gas. That is exhibit 4. There is a map that shows these communities. There are 47 towns on this map which we are unable to service with natural gas today because they fail the feasibility test which Jane Peverett has just described.

For example, Parry Sound represents a major project which, by our current estimates, requires a \$15-million subsidy in order to build a \$21-million, 94-kilometre-long pipeline to get there. We have met with people in Parry Sound a number of times, and they feel strongly that the availability of gas in town would support industrial and commercial relocations to their community, bringing them jobs and an economic stimulus.

In addition to these 47 towns, we have another 118 what we call community infill projects which also face the same barriers. Examples of these projects would be something like the Long Lake Road area in Sudbury, if you are familiar with Sudbury, just outside of town, or the Wyborn area north of Hearst.

Our estimate is that a further potential of 21,000 homes, businesses and industries would fuel-switch to natural gas if pipelines were built to service these areas. The capital required to service these areas is in the range of \$240 million. The feasibility shortfall for us is \$148 million. The difference between those two figures, \$240 million and \$148 million, is \$92 million. If Centra could service these communities for \$92 million, we would. If there was a source of funds for the \$148-million shortfall, these communities would get gas. As Miss Peverett described, this is not a new concept, because in the early 1980s the federal government did just this through its distribution system expansion program, known as DSEP. Under that program Centra expanded service to more than 35 towns like Elliot Lake, Fauquier and Mattawa.

In conclusion, let me reiterate that with respect to the energy substitution component of Bill 118, our existing gas customers will not be economically harmed by fuel-switching programs. It is a business we undertake now. As I have explained, there are three general areas where fuel substitution has potential in Centra's area, the 38,000 potential where gas mains are already in place, the community

infill where new mains must be built and the 47 towns which do not currently have natural gas. In the latter two areas, the potential is 21,000.

If there are any questions, we would be happy to respond to them.

Mr McGuinty: Thank you, Mr Bailey and Ms Peverett. I note with interest your reference to the DSEP program, but I think there is an important distinction to be made between that program and the proposal contained in Bill 118. DSEP was funded by tax money, tax revenue, and not by ratepayers who are using a specific utility. In the case of Bill 118, that is going to be funded specifically by Hydro ratepayers. Am I incorrect in that regard?

Mr Bailey: If that was one of the programs that Bill 118 led to, yes, you would be correct.

Mr McGuinty: You have indicated that Centra Gas's existing customers would not be economically harmed by fuel-switching programs. What about Centra Gas itself, the corporation? Would it stand to benefit from fuel substitution programs?

Mr Bailey: I think we would benefit in terms of growth of our market, but part of what goes along with being in a regulated industry is that your returns are regulated and therefore we need to go to the Ontario Energy Board every year through quite a rigorous process of public hearings where we lay out all our costs of operating our business, the return we would like to make on our investment in the communities, and go through quite a bit of close scrutiny. While there is some benefit, really it only relates to the amount of investment that Centra Gas puts within its communities. It is somewhat limited through the regulatory process.

Mr McGuinty: But you are not telling me, Mr Bailey, that in your business more customers do not mean more net income. You are not telling me that, are you?

Mr Bailey: No, I am not, but net income is not connected to volume. That is part of what being regulated is. If it costs so much to do a business—I mean, all we are doing is covering our costs.

Mr Jordan: Thank you for your presentation and your detailed explanation on how you propose to meet the increase in demand, should Bill 118 become effective.

One of the stipulations in Bill 118 is that they will add money to my hydro bill to pay for my neighbour to reduce his capital cost so he can go from electrical energy to your energy. I was wondering about your marketing policies. Why would you not pick up these customers because of your reduced costs per BTU relative to electricity? Why would you not assist in the capital costs rather than sitting back and waiting for Ontario Hydro ratepayers?

Mr Bailey: I certainly hope I do not leave you with the impression that we sit back and wait for Ontario Hydro to do our job for us. We quite aggressively market to the fuel-switching market, and this past year in 1991, roughly 60% of our total new customer attachments are a result of conversions from electricity and oil to natural gas. That is a result of the kinds of programs we did.

What I think you are getting at there is, why should Ontario Hydro get involved in the fuel substitution program? We certainly do not support a position which suggests that Ontario Hydro get involved with the fuel substitution program unless that is in Ontario Hydro's best interests. Really, I would like to make it very clear to this committee that our company's position is, where it is in the best interests of Ontario Hydro, then we certainly want to make the committee aware that we can fulfil the market need, and that is really all we are trying to do.

Mr Huget: Bill 118, as you know, looks at alternative sources of energy when it deals with the issue of fuel switching and does not limit itself to natural gas, nor does it mandate natural gas, nor have any programs been developed or put in place that would see one financing the other. It is important that this is clear. It cannot be compared to the distribution system expansion program, which was the old federal program.

My question is on the issue of natural gas. Assuming there were more conversions to natural gas, what is your industry's view of the end result of Ontario's situation, for example, if oil and gas prices skyrocket again? Do you see that happening? What is your prediction for oil and gas prices?

Mr Bailey: I wish we had a crystal ball that we could use to respond to that question. We certainly have seen in the last eight years stable natural gas prices within our industry. I believe our prices today are below what they were in about 1986. I am not exactly sure of the years, but we have certainly seen a reduction in our prices for natural gas. There is an excess supply in the North American market right now. The kinds of initiatives that we are involved with in terms of promoting the efficient use of natural gas—and we are quite aggressively involved in that activity—we certainly do not want to turn around. We want to maintain the position we have.

The Chair: I want to thank both of you, Ms Peverett and Mr Bailey, for taking the time to be with us this afternoon and for participating in this process. Of course you are welcome to stay and listen to the rest of the participants. The whole committee is appreciative of your interest and involvement.

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COCHRANE PUBLIC UTILITIES COMMISSION

The Chair: We now have the Cochrane Public Utilities Commission. Speaking on behalf of the commission is Peter J. Murray, the manager of that commission. Would you please come up and have a seat. We have your brief, which is going to become an exhibit and part of the record. Please try to be brief in your comments so that we have time and so that people do not get angry with me about not having enough time to engage in dialogue with you.

Mr Murray: The Cochrane Public Utilities Commission is making a presentation at this forum to express concerns over Bill 118, An Act to amend the Power Corporation Act. The PUC wants to ensure that this legislation does not set dangerous precedents resulting in electricity bills becoming a new funding source available to

the provincial government. The Cochrane PUC must confirm for its customers that Ontario's long-standing principle of power at cost remains intact. Any amendments to the Power Corporation Act must not force rate increases resulting in economic hardships for Cochrane and Ontario residents and businesses, ultimately discouraging much-needed economic growth.

Why is the present government proposing changes to the Power Corporation Act? The Cochrane PUC agrees that Ontario Hydro tends to be above reproach on many issues, and making Hydro more answerable to the public makes good sense. But will the changes to the Power Corporation Act have this positive result?

A good example is the existence of the Ontario Energy Board. This board gathers information from a broad base of associations representing an entire cross-section of the province, reviews the needs and proposals from Ontario Hydro and develops a fair and equitable increase for the electricity rates. After all this thorough evaluation, the Ontario Energy Board's proposed rate increase is only a recommendation which Ontario Hydro reviews and then establishes a rate increase to whatever level Ontario Hydro's own requirements are, without restriction. The Ontario Energy Board or another overseeing legislated group should have the authority to restrict Ontario Hydro when acting fiscally irresponsibly.

The greatest area of concern for the Cochrane PUC with Bill 118 is the proposed fuel-switching changes, which will force electricity customers to bear the cost of those switching from electricity to natural gas or other energy forms. The PUC supports the concept of energy management and supports the proposed savings of 700 megawatts by the end of the decade through fuel substitution, as released in a statement by Energy minister Will Ferguson on October 2, 1991. But the Cochrane PUC cannot support Ontario Hydro incentives, funded through changes to the Power Corporation Act, resulting in increases to the electricity rates.

The Cochrane Public Utilities Commission requests that section 5 of Bill 188 be deleted and that the Ministry of Energy redirect its mandate from changing the Power Corporation Act to a policy directive that all fuel-switching incentives be funded by the suppliers of the new energy forms which will prosper by the fuel substitution, for example, the natural gas companies. The present market forces and the economy will encourage fuel substitution, but incentives paid through electricity energy billing will only result in unnecessary and unacceptable rate increases.

How can the Cochrane PUC explain and justify to a customer who had the foresight to spend the extra initial capital costs to heat with another form of energy bill that his or her electricity bill is going to increase to allow his or her neighbour to install a new non-electric heating system? What about the rural customer or others who have no other sources of energy to allow for the conversion of their heating system? Are the rate increases for heating fuel substitution incentives in these situations fair? The Cochrane PUC thinks not.

To change the Power Corporation Act to allow fuel substitution is literally going against the entire premise or

essence of an electric utility's existence. Ontario Hydro and the local utilities are a service industry supplying electric energy to customers throughout Ontario. Fuel substitution encourages purchasing another competitor's product or energy source. Ultimately the utilities lose credibility. The purchasers of our service, residential or business, will think twice before establishing or locating in a province that discourages the use of this most essential service.

The Ministry of Energy and Ontario Hydro have stated that any fuel substitution incentives will be developed with active MEA input. The Municipal Electric Association is the responsible voice of Ontario's 312 municipal electric utilities, which represent 75% of the electricity consumers in this province. Ontario Hydro has allowed for MEA input in the past, but only superficially. The MEA is an active member of the demand-supply management planning process. The following is an excerpt from a letter from Ontario Hydro sent December 12, 1991:

"The following provides an update on the recent developments in the area of non-utility generation:

"Ontario Hydro is suspending negotiations on non-utility generation proposals over five megawatts which have not yet received Hydro executive approval. The decision to put current negotiations on hold is the result of a trend of lower economic growth. Hydro's continued commitment is to reduce demand for electricity.

"In a separate matter, Hydro recently announced that it had withdrawn its policy which allowed municipal utilities to purchase electricity directly from NUGs in their service area. As the supplier of power to all the municipal electrical utilities, Hydro believes that it is inappropriate for one utility to have the advantage of lower-cost power from a non-utility generator within its service area when this decreases the rate base and results in higher rates for the other utilities and electrical customers in Ontario.

"This position and associated issues will now undergo a comprehensive review, with MEA input, so that Hydro can arrive at an arrangement which is fair to utilities, suppliers and all electricity customers in Ontario. It is hoped that joint-party recommendations with respect to these issues can be reached by the end of 1992."

It is signed by J. R. Mason, regional manager, customer energy services, northeastern region.

Now, after the decisions are made, Ontario Hydro is seeking MEA input. The Cochrane PUC is afraid this same scenario will happen with fuel switching, where all the decisions will be made before any MEA input is requested.

At the MEA District 9 annual meeting, held in Kapuskasing on Thursday, October 3, 1991, Mr Marc Eliesen, chairman and CEO of Ontario Hydro, spoke on the future of Ontario Hydro. He commented on fuel switching and stated that this would be done. When asked questions about fuel substitution, Mr Eliesen stated that incentives would be offered, there was no need for discussion and fuel substitution was a matter of fact.

On August 20, 1991, at the outset of evidence on demand management, Mr Eliesen announced a \$3-billion increase in funding for demand management over the next decade and an increase in demand-side management targets

of 1,500 megawatts, most of which would be obtained through fuel switching.

In an article in December 1991's *Electricity Today* magazine an interview with Mr Eliesen produced the following excerpt. The question was, "What alternatives does Ontario Hydro have in the event that demand management initiatives do not produce the energy savings predicted?" Mr Eliesen replied: "For our size utility, we have the most ambitious demand management program in North America, which now includes new measures on fuel substitution. We are measuring our progress in this area since the program began, and so far we are on track."

If fuel substitution programs are already in place and being undertaken, is Ontario Hydro not in contravention of the existing Power Corporation Act and should Ontario Hydro not be reprimanded accordingly? MEA input has not been received and the amendments to the Power Corporation Act have not been approved, yet Ontario Hydro can supersede the Ministry of Energy, is above reproach and can set its own rules.

Fuel substitution is a matter of fact and the Cochrane PUC does support it, but to change the Power Corporation Act to make electric customers pay for incentives for the benefits of other energy supply companies is unfair. Changes to the Power Corporation Act must be directed at Ontario Hydro's accountability to the public and not fuel substitution or other programs resulting in higher consumer costs, lower revenues and ultimately discouraging economic development.

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Therefore the Cochrane Public Utilities Commission wants to reiterate the request that the Ministry of Energy delete any proposed changes to the Power Corporation Act that would result in electricity customers paying for incentives to change from electricity to another form of energy or that would result in electricity bills being used to supplement government income for non-electric programs.

Mr Jordan: Thank you for your excellent presentation on behalf of the Cochrane Public Utilities Commission. I can see from your presentation you have reviewed Bill 118 and certainly your commission has brought forward the main points that are directly against what we know Ontario Hydro to be. I am not in a position to say whether Ontario Hydro is in a legal position or not to be proceeding with activities as noted in this report today, but certainly I think it is something that should be questioned and looked into, because if it is the case that Bill 118 is now in effect, I wonder why we are here today.

Mr Murray: I have that same question.

Mr Jordan: What action do you think would be coming from the municipal electric utilities relative to this action?

Mr Murray: All along, the Municipal Electric Association has been involved in overseeing this. We have put together a large campaign to try to make sure the mandate of Ontario Hydro is not changed, so that the moneys cannot be taken to fund other programs. As far as the fuel substitution is concerned, we also attacked that at the time and we were told we would have active input. We have

been led to believe that would occur, but by the announcements I am reading lately, this is not being done.

Mr Jordan: Are there any members of the Municipal Electric Association on the board?

Mr Murray: I am not sure. The MEA will be making a presentation a couple of people after us.

Mr Jordan: Do you have a democratic system whereby you could have representation on that board?

Mr Murray: Does Cochrane have representation?

Mr Jordan: No, your association. Do you have communication or a relationship with Ontario Hydro at the present time?

Mr Murray: Yes, we do.

Mr Jordan: What forum would you use to have representation on that? We have the Deputy Minister of Energy on the board, without vote. Is there a chance that something like that is available to your association?

Mr Murray: I am not sure. I would have to check with the association.

Mr Jordan: Do you think it would be wise to have representation there?

Mr Murray: Yes, very wise.

The Chair: Mr Wood. If you wish, you may leave time for other members of your caucus.

Mr Wood: I will be brief. Thank you, Mr Murray, for coming forward with an excellent presentation. I just want to refer a little bit to cogenerating. We are both aware that Smooth Rock Falls and Cochrane—there has been a push on sort of the whole of northeastern Ontario for cogenerating plants and I am just wondering what your feeling would be on that. Should the push continue to have more plants of that kind using natural gas and the waste residue from the north?

Mr Murray: Waste residue is a very good process, but again, we just received a memo from Ontario Hydro that said it was stopping all future development.

Mr Wood: Well, they want to review it. Yes.

Mr Murray: We are in a society right now in which we are in some problems with nuclear and things like that and any non-utility generators that can come on line should be supported very strongly, especially in northern Ontario, where there are some economic problems right now.

Mr Wood: We had presentations made yesterday in Sioux Lookout concerned that Ontario Hydro is a large corporation that nobody has any control over and that somebody is going to have to have some control for direction as far as conservation, reduction in the amount of electricity that is being used and switching of this kind. Some of the concerns were that Bill 118 does not go far enough to bring Ontario Hydro under control of a body that is—as you are aware, the government has said no to a moratorium on nuclear power because we felt it was the right way to go. They are expensive and they are only good for a short period of time for the amount of billions of dollars it costs to produce them, and what do you do with them when you shut them down?

I am just wondering what reaction you would have on that. They were saying that Bill 118 should be amended and be tougher so that it goes further to bring them under control of an elected body, which is the Ontario government.

Mr Murray: A good example is the Ontario Energy Board, because presently it has a mandate to set rates but it has not been given the mandate to enforce the rate increases. Ontario Hydro does not seem to have anyone in control, any elected body that is in charge. The Ontario Energy Board over the years has recommended rate increases. Ontario Hydro brags quite a bit about the fact that the majority of the time its rate increase is less than the Ontario Energy Board has recommended, yet a year ago we did a study over the last nine years and the actual difference in rate increases—because when Ontario Hydro has to go above the OEB recommendations, it goes much above—over those years was 0.1%, so the difference is not great. What happens is, Ontario Hydro lets it build and build until it has to make the big jump and it costs our customers. Again, we have to conserve the consumption, but revenues still have to stay the same because we cannot cut staff, and we have a very small staff now. Ontario Hydro is not cutting staff.

Mr Huget: First, let me thank you for coming today and your presentation. I think you should be aware that we have ongoing discussions with the Municipal Electric Association and in fact amendments that will be introduced to the bill are a direct result of discussion and conversations with the MEA. So we take your positions and concerns very seriously and we will this one as well.

I am concerned about the comment you made in terms of Marc Eliesen and his October 3 statement, that fuel switching would be done, and an extrapolation of that thought to say there is something being done illegally. Are you making that allegation or is it just something you have based on the statement that in Marc Eliesen's view fuel switching would be done?

Mr Murray: This was at our annual District 9 meeting at which I was present and he did state that. I assume it was his view, but I assume he is representing Ontario Hydro when he is speaking as chairman.

Mr McGuinty: Thank you, Mr Murray. I was very interested to hear your comments relating to Mr Eliesen's statements and I guess my colleague Mr Huget was just following up on those. You have raised a matter here which should be of grave concern to your utility commission, to the Municipal Electric Association and to all of us sitting in this committee because it brings into question the very *raison d'être* of our travelling throughout this province and spending taxpayers' money. Certainly we are not doing this for the good of our health.

What bothers me even more is that just about a half-hour to an hour ago I received a statement put out by Ontario Hydro. In that statement and in an accompanying book entitled Update 1992 Ontario Hydro has made a revision, an amendment to its 25-year demand-supply plan which is presently before the Environmental Assessment Board. I note that on page 11 it states, as one of the reasons behind revising the plan, "In addition, new legislation will

provide the opportunity to promote alternative fuels and applications where electricity is not the most appropriate energy and where there are benefits to the customer and to Hydro." It says, and I will repeat, "In addition, new legislation will provide the opportunity." Not might provide, not conditionally provide, it is unconditional.

I am going to leave it to the other members of this committee to consider the appropriate action in these circumstances where we appear to be going around this province and the chair of Ontario Hydro has effectively jumped the gun and indicated that notwithstanding whatever we happen to come up with here and notwithstanding whatever the people of this province tell us, he is going ahead with a fuel substitution program.

Mr Murray: That is what we fear most.

Mr Jordan: That is what you fear most?

Mr Murray: Yes, that fuel substitution will go ahead without public input.

The Chair: Are there any other very brief comments or questions? Sir, on behalf of the committee I want to thank you, along with others, for coming here this afternoon. I think one of the things that is always impressive is the interest that people and organizations across the province have in new legislation, obviously for all different sorts of reasons. But we appreciate the participation and trust that the people on the committee will be keeping you advised of the progress of this bill and any changes that might develop from this committee process.

1400

ONTARIO METIS AND ABORIGINAL ASSOCIATION

The Chair: I now have participation by the Ontario Metis and Aboriginal Association, Ms Kathy Brosemer. Once again, if you would please try to keep your comments as brief as possible so that we can engage in some questions and answers and conversation, which is always a productive exercise.

Ms Brosemer: All right, I will try. I am here representing the Ontario Metis and Aboriginal Association. OMAA, as we call it, is an umbrella organization that speaks for the interests and aspirations of some 200,000 aboriginal people in Ontario who do not live on reserves.

I want to begin my comments on Bill 118 by stating that it is important that you understand and that all of us understand that the environmental and social costs of generating electricity are not paid by Hydro's ratepayers, nor are they paid by Hydro. They are paid by each of us to a certain extent, but they are disproportionately borne by the aboriginal people of this land.

Uranium mining takes place on and near our land. Uranium milling takes place upwind and upstream of our people. Radiation is released from nuclear plants into the waters where we fish. These things all affect the health and the culture of our people. It has been proposed that radioactive waste from reactors be disposed of in the shield rocks of the north, another great burden for our people, as this waste will be toxic for 500,000 years.

Coal-fired power plants also affect us. Acid gases from the smokestacks, ozone depletion and the threat of global

climate change all affect the people who live closest to the land, first and hardest.

Giant hydraulic dams are now planned for the remote areas of our land. These dams poison our fish and game, flood the land and interfere with our transportation. They drown the graves of our ancestors. They disrupt our communities and our families and they destroy our way of life.

Even buying electricity from Manitoba will result in a huge power line being built across the land, across the hunting and trapping areas, and in the clear-cutting and spraying of herbicides over a vast swath of land. There will be enormous disruption of the aboriginal people of Manitoba because the power is to come from huge dams there.

We feel all these things not just because of the impacts on our own people, but because of what they do to the land. I do not know if you understand the way we feel about our land. We believe that the land is our mother, that we are dependent on her just as little children are dependent on their mothers, and that she will provide for our needs. She does provide for all of our legitimate needs, for sustenance, for shelter and for warmth, but she does not provide for greed or for foolishness. We are permitted, for example, to take fish or game where we need to take it because we need to eat, but if we take more than we need, if we go and shoot 30 moose, for example, just to amuse ourselves or to get rich, this is wrong and she will not tolerate it. Our people do not want to stop using electricity any more than you do, but we cannot allow greed or foolishness to determine what we use.

My elders have told me that if Hydro needs to dam the rivers in order to be able to provide power for hospitals or to provide warmth for children, then it may do so. This is a reasonable need that our mother the Earth will provide for. But we should not allow Hydro to dam rivers, build more power lines, construct more nuclear or more fossil-fuel generating stations in order that we can do foolish things with the electricity.

Electric space heating, electric water heating and electric cooking heat are all foolish things to do with electricity. In the past, Hydro has promoted these things even where other options like natural gas were available. It is time they corrected this. Because Bill 118 will allow Hydro to invest money into helping people to switch to less costly, less environmentally damaging and less foolish ways to heat, OMAA supports this bill and urges you to do all you can to implement it. We do not want more damage to our land for foolish reasons.

Mr Martin: It is obvious from your comments that you, representing your people, feel there is in fact a social cost re the carrying out of the business of Ontario Hydro. I sense from your comments that you would probably also agree that, where there are adjustments needed to a program or some curing of a problem that needs to be done in retrospect, the utility which caused it in the first place should be asked to pay for it.

Ms Brosemer: Certainly. I think past grievances need to be redressed. My people's most important concern, though, is that in future things do not go on, that the past

practices be stopped where they are and that future damage does not occur for foolish reasons.

Mr Martin: You would also agree then probably that in order to do some of the things you think need to be done to improve the situation, perhaps for example the changing of the type of energy we would use, the utility which has caused the problem in the first place should bear some of the cost of that, if not all of it?

Ms Brosemer: Certainly, for many reasons. One reason is that they have promoted the use of electric space heating over and over again in the past with their Live Better Electrically program and various other things. Because of their active promotion of electric space heating, they have had to go along with the huge growth in demand. They have actively promoted it and that is what caused a lot of the damage to our land.

I think they need to redress that as well, because they need to be helping people, especially our people who have low and fixed incomes. A lot of OMAA members are struggling along. They do not have the wherewithal to install different heating mechanisms in their homes for the most part. We need programs that are funded by utilities to do that. Whether it is by Hydro alone or by Hydro and the gas companies jointly or by municipal utility companies, whatever, I think we do need programs to help people change, because it has been promoted by Hydro in the past.

Mr McGuinty: Thank you for appearing before us, Ms Brosemer. You make a good argument. I do not think anyone could disagree with you in 1992 that certainly we have to make every reasonable effort to conserve energy, however it is reasonable to do so. It is now no longer feasible for us to consider the production of electricity without taking into consideration not only economic, but social and environmental costs.

However, I want to appeal to your sense of fairness and equity. I want you to think of a person living in Sioux Lookout, who does not have access to gas and whose rates are going to go up in order to assist me, living in Ottawa, to switch from electrical heat to gas. I have the supply. In fact, I might very well be able to afford to switch to gas. I have the capital costs, the startup costs to make that switch, but I hear Bill 118 is coming down the pipes and that ratepayers everywhere are going to pay for me to switch. Now, what do I tell that person up in Sioux Lookout?

Ms Brosemer: I think the first thing you explain to the person in Sioux Lookout is that our rates actually will go down with the reduced demand for electricity, not go up.

Mr McGuinty: Who says that?

Ms Brosemer: It is certainly easy to see when you see that Darlington costs \$13.5-billion dollars to generate 3,500 megawatts and it is still not generating it. The next station is probably going to cost \$20 billion. Any reasonable human being would look at that and say the rates are definitely going to go up if we do not get our demand under control.

Mr McGuinty: I know Hydro is telling us that the rates will go down if we promote fuel substitution, but

Hydro told me that Darlington was going to cost around \$4 billion.

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Ms Brosemer: Just because Hydro has been wrong on some of its estimates is not a blanket reason to discount everything it says.

Mr McGuinty: You are going to be selective in terms of which advice you will take from Hydro.

Ms Brosemer: Because it is not just Hydro; it is Energy Probe, it is Pollution Probe. It is a number of organizations that do not have a vested interest in this.

Mr McGuinty: I guess my concern is that there was a time when Hydro had a program it called Live Better Electrically. They would have had us embrace without reservation electricity in the home and in the workplace. That was a good thing. Now it would appear that Hydro, or at least the government, is telling us we should embrace fuel substitution without reservation and that too will be a good thing. So I have some concerns.

Ms Brosemer: I do not blame you. I think we should not embrace anything without reservation, but I think when one looks at this with a clear eye, it is very obvious that fuel substitution is a very good thing for rate structures, for the environment, for all kinds of things. I think it is the only reasonable alternative we have.

Mr McGuinty: I hope you are right.

Mr Arnott: I am just wondering if you can tell me if very many of your membership, of the native people of Ontario, would be able to take advantage of fuel-switching programs if Bill 118 passes as it presently is.

Ms Brosemer: First of all, I have to make a distinction between the Ontario Metis and Aboriginal Association membership and its constituency. OMAA has a constituency of the off-reserve aboriginal people in Ontario of 200,000. Its membership is much smaller.

Another thing to keep in mind is that a third of that constituency lives in southern Ontario, in Metro Toronto, so they have some of the same concerns of any low- or fixed-income people in southern Ontario. In many cases they would be able to do so, but in other cases I have no idea. For example, I do not know what impacts of what programs might be suitable for landlord-tenant.

For the people in the north who are not reached by gas, I think we have a problem here when we look at fuel substitution just as natural gas. We can look at fuel substitution in terms of solar, we can look in terms of wood. Some of those options are very readily accessible to the people of the north, with financial help, which is necessary anywhere they are.

Mr Wood: Just very briefly, as you are probably aware, my riding represents native groups along the Hudson Bay and James Bay coast. One of the concerns up there is what are you going to do about the cities, the lights. You walk around those areas at 10 or 11 o'clock at night and there is complete darkness. They are saying, "When is something going to be done about Toronto and Ottawa, which use lighting systems for heating?" They do not have

any heating systems whatsoever. I just wonder if you have any comment on that.

Ms Brosemer: I have heard some of the same comments from our people. There are some very strong moral issues involved. I have heard this. I have heard of a woman elder speaking very passionately about, "If they need power for their hospitals, fine, they can come and dam my river, but they do not need it to light up Toronto city hall all night long." Nobody cares if Toronto city hall is lit up at 4 o'clock in the morning. It is time to change those practices. Fuel switching is part of it, but certainly sensible use of electricity, sensible use of all energy forms is what we are really after.

The Chair: Thank you once again for taking the time to prepare the submission and for participating in the dialogue. The committee thanks you very sincerely and hopes you keep in touch with how this bill develops.

I want to tell people, between you and this table are members of the Legislative Assembly representing the three caucuses, the opposition with its critic, the third party with its critic and the government caucus with its parliamentary assistant.

Also here is Louis Yaeger, who is a legislative research person who participates in these hearings by way of recording material that has been submitted and preparing assistance for the committee in arriving at its conclusions.

On your left is Pat Girouard, a Hansard person who has the final responsibility for making sure everything is recorded. It will be recorded and form part of floors and floors of volumes of history at Queen's Park.

On my immediate right is Tannis Manikel from the office of the Clerk. She is the clerk of this committee.

Behind you, tented, are the translation people, Sylvie Soth, Delia Roy Ibarra, Daphne Beauroy and Doron Horowitz.

Sitting at the control panels are Tony Abbate and Theresa Jodoin. They work for legislative broadcast and are responsible for recording this.

Those are the people in the room in addition to the politicians. I am not disinclined to suggest that they work as hard if not harder than most politicians and are as dedicated if not more dedicated than most politicians. I thank them for their contribution.

FALCONBRIDGE LTD, KIDD CREEK DIVISION

The Chair: We now have Falconbridge Ltd. Mr Owen is here. Please be seated. If you have written material, it will become an exhibit and part of the record. We can hear your comments. Try to leave us at least 10 minutes for questions.

Mr Owen: A bit of background: Falconbridge Ltd, Kidd Creek division, is located in Timmins and is part of the Falconbridge group whose head office is in Toronto. Kidd division's primary products are copper, at 94,000 metric tonnes a year and 130,000 tonnes of zinc a year. We have other products which include indium, sulphuric acid and cadmium.

The Kidd Creek division employs 2,300 people in the city of Timmins. It is our metallurgical site and both our mine sites are located within the city limits. As far as the competitive position is concerned, the market for our prod-

ucts is worldwide and sensitive to international commodity market and unresponsive to the Canadian domestic scene. Because of this, we are unable to control our prices and must be able to control our cost of production. Energy is one of our most important costs.

Kidd is a significant user of energy with the largest portion of energy in the form of electricity. Other forms of energy utilized are natural gas and secondary fuels. This energy accounts for 20% of our total cost, which is about \$350 million a year to run the operation.

Kidd division is Ontario Hydro's second-largest direct customer in the province. We use electricity for everything from mine pumping and ventilation to electrolytic refining. Kidd cannot use an alternative fuel for these applications. Natural gas is used mainly for heating mine air, building and process applications. Secondary fuels are mainly diesel fuel for our mobile production equipment, which is mainly in our mining operation.

From a cost standpoint, in 1991, Kidd spent \$63.7 million for energy, \$53.7 million of which was for electrical power with the remainder for natural gas and secondary fuels. In 1992, Kidd will spend \$68.9 million for energy, with \$58.5 million representing electrical power.

Energy consumption: Between our metallurgical site and our mine site, we consume approximately 184 megawatts. Approximately 70 megawatts of that is just to run our zinc plant.

As I have indicated, the largest portion of electrical consumption is our zinc plant which is among the most efficient plants in the world. When you look at the way we measure the efficiency of a plant, we are seventh in the world and we have technology that is years behind some of our competitors.

If you look at the graph, it shows why we are where we are. From 1987 to 1989 we spent lots of time and money increasing the efficiency of our technology to get ourselves into seventh position. The world's best is Cominco. Energy in our zinc plant accounts for 30% of the operating plant cost and increases in the cost of electricity affects its viability.

In efficiency, we are seventh in the world and we applied some costs of 1989-90 vintage that took us from seventh on an efficiency scale down to 12th or 14th on cost with hydro.

1420

I have attached another graph at the back. As you can see, since 1978, hydro usage at Kidd has increased as the operation grew to its present capacity. If you look at the period 1985 to 1991, the power consumption at our metallurgical site, which is the solid line, increased by approximately 1%. If we had not done the work in our zinc plant, which consumes most of our power, this increase should have been closer to 10% due to the addition of an indium plant and an oxygen plant and an approximate 7% increase in zinc production. Therefore, our concern over energy consumption allowed us to eat up 9% of a possible 10%.

Energy conservation: Total energy conservation is a concern of the Kidd operation, and sometimes this has resulted in an increased electrical consumption to become more efficient. At the mine and in the operating plants, there are energy teams that identify and implement energy-saving

projects. As regular practice, all electric motors that are purchased are energy-efficient and we are making use of variable-speed drives for such applications as pump drives and underground ventilation fans.

At our metallurgical site we have a peak power control system that has been installed for a number of years and it is being continually updated. A similar system for natural gas has also been developed by Kidd employees so that we can flatten out our demand for natural gas and make better advantages on the demand side. At our mine site we have a peak power control that has also been implemented to allow better control of electrical power.

We are presently working with Ontario Hydro and the Ministry of Energy on programs to continue reducing Kidd's energy costs. Presently we have about 35 to 40 projects. At the metallurgical site we are looking at in the order of three to four megawatts, based against 150 megawatts, which does not appear to impact that much, and at our mine site, which consumes about 33 megawatts, we have the possibility of three-megawatt savings, which is significant.

Dealing with Bill 118, power at cost is a concern because the principle of power at cost states that the people of Ontario should pay for the costs of generating and delivering electricity and only those costs. We have a problem with the actions taken to do with Elliot Lake and Kapuskasing and the effect it had on the hydro rates.

From what I can understand, the government agreed to limit any policy directives that are issued to matters relating to the corporation's exercise of its power and duties under the act, inferring that Ontario Hydro's mandate will not be changed. However, an interpretation of what this means is open to question, since the government has already compromised power at cost.

Competitive rates based on power at cost must be unencumbered by inappropriate burdens of social policy initiatives. As you can see by our zinc plant, it affects us very directly. As a matter of fact, this 11.8% that went through this year cost us one cent a pound on zinc, which is a major impact on our operation. You can see the price of zinc is fluctuating at low rates.

We are also not too—I do not know if "happy" is the right word—comfortable with the director's accountability. The ability of the board of directors to provide second thought in the face of any government directives and to consider its duty to protect the interests of the ratepayers has been removed with the proposed revisions to Bill 118.

Fuel switching: Under Bill 118, the focus seems to be related to substituting electrical energy with an alternative energy source. Previous initiatives championed electrical power as the energy of choice and now the direction is reversed. Kidd is interested in conservation. However, the nature of our operation does not allow fuel switching. Those companies that are concerned with the total energy scene will be penalized with the change in focus of the government, which now includes Ontario Hydro, or appears to include Ontario Hydro, as many will have gone an economic route that conforms with their industry. The initiatives that have been put in place for fuel switching and are supported by Ontario Hydro are reflected in the rates that

are charged to companies that may not be in a position to switch and will therefore be placed at a disadvantage.

In summing up, our position basically is we are concerned about any initiative that allows political concerns to affect the cost of electrical power. The independence of the board of directors of Ontario Hydro must remain. A dependable supply of electrical power is of primary concern. Last, the power-at-cost mandate of Ontario Hydro must remain, in order to minimize the negative effect of inflationary cost increases on Ontario industry.

Mr McGuinty: Mr Owen, I am going to ask you a question that I asked of an earlier witness. What took place at Elliot Lake was something that took place at a time when government was acting without benefit of any change to the Power Corporation Act, and we now have—not formally as of yet, but we will have because the minister has led us to believe we will—a formal amendment to Bill 118, which is going to put us back in the same position we are in right now.

Are you comfortable with the government's promise not to compel Ontario Hydro to do anything that would take it outside its traditional historical mandate of providing us with power at cost, keeping in mind that the government insists that what it did at Elliot Lake was perfectly in keeping with Ontario Hydro's traditional mandate of providing us with power at cost?

Mr Owen: In 10 words or less, no. I do not know how they can interpret power at cost in doing what was done at Elliot Lake.

Mr McGuinty: I do not want to present this in a partisan way. That would not go over well. There is a concern that we all have about governments doing things for political purposes. Is there anything that you might suggest we can do that would go into this bill to ensure that the interests of ratepayers, the concerns of the people who pay for the hydro are always first and foremost?

Mr Owen: The problem I have with that question is that the bill has not been passed, as far as I know. Otherwise, we would not be having this thing going on right now. And if things are being done before the bill is passed, does that mean nothing is going to happen after the bill is passed? Perhaps we should just leave the bill the way it is and argue it out as situations arise.

Mr Conway: The good thing about this policy is it changes every week, so hope springs eternal.

Mr Owen: Who am I supposed to answer?

The Chair: Please respond, sir.

Mr Owen: Put yourselves in our shoes, where our market is outside of Canada, outside of Ontario. We are affected by what happens within Ontario. If memory serves me correctly, Ontario has presently the second-highest power costs in Canada, and we are dealing with countries that have significantly lower costs. It is reflected when I mention that we are seventh in efficiency for the whole technology of the 1970s, with new technologies of the 1980s and into the 1990s, and when we put our cost per unit on to that, based on our costs from Ontario Hydro, we drop to 12th or 14th. That puts us in a very, very

uncomfortable position in the production of zinc. If the targets keep changing, how can we, as a company, know what is going to happen tomorrow, next week, next year or five years from now?

Mr McGuinty: Mr Owen, can you tell me something—I am not sure whether you are able to answer this or not—about Faraday's law and its relationship to the amount of electricity that is required to convert raw material into some refined material?

Mr Owen: I do not have it right at my fingertips.

The Chair: Thank you. Perhaps the research people will come up with some easy-to-read analysis of that stuff.

Mr Owen: If you will give me your address, I will forward you the information if you want it.

1430

Mr McGuinty: I might as well give you a card.

The Chair: You will give it to the committee?

Mr McGuinty: Absolutely.

Mr Arnott: Mr Owen, thank you very much for coming. Following up on Mr McGuinty's question, I would like if you could try to describe for us what your company is going to look like in three years if Bill 118 passes as is, with its inherent, I believe, guarantors of higher rates, and we see a 44% increase in your hydro bill.

Mr Owen: Unless the price of zinc changes to offset the increases, because 11.8% this time costs us a cent a pound zinc, we are looking at the possibility of shutting our zinc plant down.

Mr Arnott: Shutting it down?

Mr Owen: Yes, which will affect approximately 500 employees.

The Chair: Mr Huget, if you leave Mr Martin enough time he will be able to ask a question too.

Mr Huget: Thank you very much for your presentation. I too want to follow along Mr McGuinty's point, particularly with Elliot Lake. In section 7 of your presentation you say quite clearly that people of Ontario should pay for the cost of generating and delivering electricity, and only those costs. I suggest to you, sir, that they have paid those costs and, boy, have they paid them. We have spent for uranium fuel in Ontario \$1 billion over the last 10 years, several times the world price for that uranium. I think that has had an impact of about 2.6% or 2.7% increase in the rates, due to what is largely a fuel penalty.

I think you raise the argument that Ontario Hydro, if you look at Elliot Lake, should finance that some other way. How should Ontario Hydro have financed that surcharge in the price we paid for uranium? Should we have done it through the public purse? Should we have notified all the ratepayers in the province, including the industrial ratepayers, that they were paying several times the world price or the necessary price for fuel for the nuclear system in this province?

Mr Owen: I am not too sure how to answer, not being involved in the economics of how you price things. How come all of a sudden we have an 11.8% increase, yet we have been living with the higher uranium costs, as you

have just mentioned, over the last few years and we have had smaller increases? My answer to your question is another question.

Mr Huget: You say that Elliot Lake and Kapuskasing results in hydro rate increases in the 5% range. Can you tell me how you arrived at that figure?

Mr Owen: I do not have the numbers right at hand. If I remember correctly, the numbers I got from Cominco are based on projected 1992 income to Ontario Hydro.

Mr Huget: On the issue of energy conservation and energy efficiency—and I think it is clear from your presentation that your company supports those initiatives—could you give me your suggestions on how we can ensure that Ontario Hydro proceeds on energy conservation, efficiency initiatives and the whole question of government accountability to make sure that is what Ontario Hydro does? Do you have any suggestions to make that process positive and how we can do that without legislation?

Mr Owen: I think what we have to do is make sure that Ontario Hydro can function as a business. Our operation is a business. We have to try to absorb any increases within our costs. We are not in the position to be able to pass them on automatically and have somebody say, "Sorry, but you are just going to have to pay more." If we did that with our zinc, copper, indium or any of these other products we have, nobody would buy them.

The Chair: Thank you. Mr Martin, very briefly, please.

Mr Martin: You obviously consider yourself a good corporate citizen, do you?

Mr Owen: Yes.

Mr Martin: A good corporate citizen, I guess, can be defined in a number of ways, but mainly it means having some responsibility within the community in which you operate and to the people who live in that community. If you were one of the only major companies in a community and you were about to fold up your tent and go, you would feel you had some responsibility to take care of some things before you left regarding the needs of the community environmentally, socially and even your own employees and their families and the extended community economically.

Mr Owen: I do not quite follow you. Could you give a little bit more detail?

The Chair: Unfortunately, my apologies, but we are going to have to move on to the next participant. I want to thank you along with the others who have come here this afternoon and participated obviously with interest and concern about the legislation. Your views are valuable ones as are the others that we hear.

NORTHWATCH

The Chair: The next participant is a group called Northwatch and the presentation is being made by Brennain Lloyd. Please try to leave us a good 10 minutes and more if you can for some exchanges of views.

Ms Lloyd: Thank you, Mr Chair, for getting my name right. It is Brennain Lloyd from Northwatch. Northwatch is a coalition of environmental groups across northeastern

Ontario. Our groups work on a variety of issues including energy issues, safe energy issues, the impacts of the nuclear industries, wilderness, forests, waste management, water quality and also on some broader principles of sustainable development and environmental protection in a legislative all-encompassing sense.

I want to apologize for not having copies of my presentation with me today. I had a six-hour bus ride from North Bay to Timmins and I thought I could write it on the way on my laptop computer, but I fried my batteries last night which is just an example of too much electricity. I thought that was rather a profound error on my part.

In terms of Bill 118, we have two primary interests. Those issues can fall into two categories: issues of accountability, control and relationship of Ontario Hydro to the government and issues of energy savings. Basically, the door that has been opened to energy conservation via fuel switching, we believe has been opened by Bill 118. But the comments I want to make today, I want to make in the context of sustainability, the sustainable development.

Sustainable development has become a flagship phrase in the 1990s from the Brundtland commission's release of its report in 1987. Although it was a term that was common in use from the 1950s in economic and development circles, it has really fallen into popular use in the last few years. The Brundtland commission defines sustainability as development that meets the needs of today without endangering the ability of future generations to meet their needs.

Northwatch has interpreted that in the context of northeastern Ontario to mean the integration of environmental considerations into all economic and social planning and decision-making. I think this applies in energy planning, energy production, energy-related decision-making as it does in all other areas, but it applies absolutely in the area of energy planning and production.

In our region, we think there are a number of indicators of sustainability including community stability, ecological integrity, small scale, local control, decentralization and so on. There are three imperatives: self-sufficiency, ecological security and community stability. I think in the context of today's discussions, those can be boiled down to a practice of maximizing use and minimizing consumption. Basically, maximizing use is making sure that we get the best use out of any resource we use. I think that is very relevant to your consideration of Bill 118 and I think particularly given the opportunities for fuel switching that this bill is going to provide.

Fuel switching is perhaps the most pragmatic example, the most pragmatic way we could put that principle into practice. If we do a very simple comparison of the kind of efficiency we get from nuclear generation or thermal generation where we see an approximate 25% efficiency, compared to the kind of efficiency we can get in direct heat production, say, in a new gas furnace, from a fuel-efficient, new gas furnace, we can get 93% efficiency. Even in a new oil furnace, perhaps not our first choice, but a good choice, we still get 80% efficiency. As compared to 25%, 80% looks pretty good.

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So there are some very practical arguments that need to be made in support of fuel switching, and I think a very practical argument also needs to be made in terms of the consequences of not fuel switching. I find that an easier one to envision. I find it very easy to envision in the context of northeastern Ontario, the region I know, the region where I live, the region I am very committed to and very committed to seeing the best environmental decisions and protections in place.

Let us look at the consequences of not fuel switching, of not making the best use of our energy resources and of not avoiding excess electrical production, unreasonable electrical production, unnecessary electrical production and, when we look, the things we are going to see immediately happening over the next few years or which have already happened. We are going to see 1,700 kilometres of transmission lines, 500-kilovolt transmission lines, with their resultant problems of electromagnetic field radiation, increased access, disruption in the forest area; we are going to see the Little Jackfish project north of Lake Nipigon, and we are going to see possibly 12 developments in the Moose River basin.

I do not know if you have had news today. I have not had news today on what has happened in the demand-supply plan environmental assessment hearing. There was going to be an announcement of revision of Ontario Hydro's 25-year plan, so if we are to be very optimistic we can think that some of these adverse effects are going to be moved off the table because Ontario Hydro is going to withdraw some of those proposals. You might have that information, but I do not. I hope to have it by this evening.

We are going to look at the Little Jackfish project, the Moose River basin developments, nuclear waste already inside—we have 100 million tonnes of low-level radioactive waste in Elliot Lake. We have had a firm proposal from AECL to give the north a gift of untold quantities of high-level radioactive waste, which will be radioactive for all eternity virtually. We have fossil-fuel burning. We have some estimates of a 66% decline in forest growth rates because of fossil fuels.

Those are the very pragmatic, very practical examples of what we will see if we do not have fuel switching, if we do not avoid excessive electricity production.

I know that not everyone supports fuel switching. I know there are arguments being made against that, and I would welcome an opportunity to meet with those people and to go on a very long walk with them, starting at the Conowapa River development in northern Manitoba. We could spend a little time and walk through a virtually roadless area through eastern Manitoba where bipole 3 is going to be constructed to suck that power down from northern Manitoba. Then we could walk the 1,100 kilometres of that transmission corridor across northwestern and northeastern Ontario, and maybe we could make a stop at Lake Nipigon and visit the site for the proposed Little Jackfish River development. We could talk with the fishing people who have been on that lake for three generations and with the aboriginal people who have lived on that land for uncounted generations. Then we could walk a couple of hundred

kilometres farther and paddle up the Moose River basin, paddle up the Mattagami, and we could see some of those developments and we could visit those communities. We could see what the consequences were; we could hear how those lives were going to be affected.

Maybe we could stop at Lake Timiskaming, where we could look at some of the acid lakes that have already been destroyed because of fossil-fuel burning. That might be a good time to stop and consider what the consequences are of not fuel switching, before we travel another 800 kilometres down to the greater Toronto area, where most of the power that is going to be produced in those projects is going to be used.

I think that is where the decisions need to be made, out on the waterways, out on the lakes, out on the land, not in a boardroom, unless you can make the right decision in that boardroom. If you cannot, I would be happy to take that walk with you.

Bill 118 is what opens the door. Bill 118 is what allows us to avoid 6,000 megawatts of electricity production. If we look at that 6,000 megawatts, we see that it is 21½ times the electricity that is going to be produced by the four Mattagami developments, it is 24 Patton Post developments, it is six corridors, it is two Darlington. That is the context in which we have to think about it.

The other area of interest and support we have is the area of accountability. Quite simply, Ontario Hydro is a public utility. It is our assessment that a public utility is subject to public ownership, therefore is subject to public direction. This is democracy. It has many problems. The poll is a blunt instrument for making decisions, but it is the only tool we have, aside from legislative processes like this, opportunities for input. But it is a democracy. We have a government. We appreciate the opportunity to speak to our government, to speak to committees, to speak to decision-makers. But ultimately it is a democracy. We have a government. Our public utilities are crown corporations, are accountable to them, and that is how it should be. Bill 118 and the amended provisions for accountability, for reporting, for policy directives—our assessment is that those are fully in keeping with principles of public accountability and democracy.

The third area, an additional focus—am I out of time? How am I doing?

The Chair: You just keep on going.

Ms Lloyd: Okay, I will just keep on going.

The Chair: Within limits.

Ms Lloyd: Within limits. You will stop me some time.

The Chair: Far be it from me to stop anybody from making a protracted or lengthy speech.

Ms Lloyd: Okay. Although we have two primary interests, a third area of focus is the customer focus. I think it is a worthwhile place to put our attention as well. Basically this is going to be a better deal for the customer. The bills will be 65% lower. If you switch from electric heating to, say, natural gas or oil heating, your bills will be approximately 65% lower. It is going to be better in the long run, because what we are going to do is avoid new supply. New supply will come in at \$3,300 a kilowatt. I do not have a

calculator with me and I have not multiplied out those numbers, but to me, \$3,300 times 6,000 is a lot of money. That is the public purse, and the customer pays the public purse. I think it is just practical.

Bill 118 is not going to do everything. It is not going to change the rate structures. It is not going to ensure maximum efficiency and conservation, and I think there has to be a commitment from the public, from Ontario Hydro, from this government, from you as decision-makers, to ensure that no kilowatt is left out. But Bill 118 goes some distance, and I think we should applaud and support it for that.

I have to add one note of unhappiness with this bill. We did not do an exhaustive review. We focused mostly on a couple of areas of concern, but in doing a very summary review of all parts of the bill, I was disappointed to see that the amendments had not made the bill gender-neutral. The bill still refers to "him," "he," "his." Women are 52%—not on this committee, it would seem. But I urge you to review the bill from that perspective as well.

Not to end on that note, I would just like to close by saying that Ontario Hydro is a public utility and it should be structured and run to serve the public good. I think Bill 118 is another couple of steps in that direction. I think Bill 118 makes sense. It makes ecological sense, it is common sense, it is good planning sense and it is also good in terms of dollars and cents. Thank you.

The Chair: Thank you, Ms Lloyd. Mr Arnott. We are going to keep the questions brief.

Mr Arnott: You talked about the fuel switching issue and you mentioned you felt that some people were opposed to it. I just want to make an observation. This is now the third day, and I do not recall hearing anyone explicitly state they are opposed to fuel switching, but many groups have come forward to state they do not believe the customers of Ontario Hydro should be forced to pay for fuel switching. I just wonder if you can explain it to me. I still do not understand why the customers of Ontario Hydro should be expected to pay for fuel switching, some of those customers who will have absolutely no opportunity themselves to switch fuels.

Ms Lloyd: Maybe we could engage in a discussion on this, because I would like to have explained to me why the customers of Ontario are paying for electric heating in some customers' homes. The cost of new supply for one electrically heated home of average size is going to be about \$50,000. I would like to know why I am going to pay for that. There is a longer debate that we could have here than we really have time for, but I have those same questions. I would like to know why the customers of Ontario are going to pay for some people being on electric heat. That makes no sense to me.

Mr Arnott: Okay, that is fine. Thank you.

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Mr Martin: I would like to follow up on a question I was asking of the last presenter when I was so rudely interrupted by the Chairman. It is on the question of how we arrive at some of the places you think we should re the development of energy sources and the question of responsibility,

and in particular corporate responsibility. Judging by your name, Northwatch, you have been watching over the last few years the record of corporations which do business and their sense of responsibility for the environment and for the people within the communities in which they operate. You might want to comment for a few minutes on their track record without being somehow under some supervision by some government agency.

Ms Lloyd: Sorry, the track record of all sectors or of particular companies?

Mr Martin: Yes, whatever, corporations.

Ms Lloyd: I think the regulation and legislation are essential in terms of getting environmental protection and environmental standards. I have seen no evidence to think market rules or market force brings us environmental safeguards.

There is a dilemma. Industry in the north in particular is having a very difficult time, for some institutional reasons, for some internal structural reasons, for a variety of reasons, and I am sympathetic to some of those difficulties they have. But in a very broad sense I have to say our experience has been that companies become environmentally responsible for two reasons. One is because of legislation, because of the force of the law. Two is because of consumer force, if their practices are very obvious and very measurable by the consumer, by the purchaser of their products. I think that gives them some urging as well. Most industries fall into one or the other of those categories.

Mr McGuinty: Ms Lloyd, just for your information, I have a copy of the Balance of Power update issued by Ontario Hydro.

Ms Lloyd: The revision that was issued today?

Mr McGuinty: Yes.

Ms Lloyd: You have very good courier service.

Mr McGuinty: It is a summary. It has been placed in your hands here through my good efforts.

Ms Lloyd: Thank you.

Mr McGuinty: Just to let you know, I have glanced through it very quickly and I see there are plans to continue with the development of a transmission line to incorporate power already contracted with Manitoba, but I see no other reference to some of the other generation facilities' potential, like Little Jackfish that you referred to.

You made reference to Bill 118 increasing the accountability of Ontario Hydro. I just want you to elaborate a bit on that for me, please.

Ms Lloyd: Elaborate on how that accountability will be increased?

Mr McGuinty: Yes, how is that going to improve?

Ms Lloyd: Let's start with two ways. I think one way is that, by having the deputy minister join the board, although in a non-voting manner, it is going to increase the level of communication and the level of consultation back and forth between the Ministry of Energy and Ontario Hydro. Our hope is that there is going to be a more effective bridge there than has been the case in the past. I think that is one way.

There are three ways actually. A second way is that, by increasing the size of the board, I think it is going to allow the board to be appointed with a broader range of representation—hopefully a broader range, and this is perhaps a slightly separate issue. Maybe I have gone on a tangent here. I think that is going to allow us a better range of the demographics of the province, which I guess is not a direct answer to your question.

The third manner is that, by clarifying the manner of reporting and policy directives being given—it is not really something new. I think it is an extension or an elaboration of what has happened in the past. One thing it does is bring it out of the back rooms into the public domain so we do not have \$30 million given to AECL during an election year in a government riding. We do not have \$1.3 billion signed in overexpenditures in uranium contracts and so on, because that is going to be in the public domain. It increases the publicness of those policy directives.

Mr McGuinty: I just want to stop you there, Ms Lloyd, because I know the Chair will not give me any time to make a little final comment. I think that you, like many others who have appeared before us, are operating under a bit of a misapprehension. There is actually right now, today, a provision in the Power Corporation Act which provides that government can issue so-called policy directives, only we call them by another name, "policy statements," to the board. They have that authority right now.

Ms Lloyd: Right.

Mr McGuinty: Were you aware of that?

Ms Lloyd: Yes, I certainly was. I have read the bill. I have read the act.

The Chair: I suspected you had; I was confident of it. I want to thank you very much. You have put a lot of effort into this obviously. You are well-read on the issues and you have been a most interesting participant.

Ms Lloyd: Thank you.

The Chair: We want to thank you for the long trip you took by bus to get up here.

Ms Lloyd: That is Ontario Northland Transportation Commission, public transit, sort of.

The Chair: We wish you a safe trip back home. I trust that people on the committee will be keeping you updated and advised as to what transpires as this bill progresses through committee and then back into the Legislature. Keep in touch with us. Mr McGuinty would like to hear from you. Mr Jordan would love to hear from you. Mr Huget would love to hear from you.

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TOWN OF HEARST

The Chair: Now I have on behalf of the town of Hearst, his worship Gilles Gagnon. Mayor Gagnon, how are you, sir? Please have a seat. Tell us what you will. We have your brief, which is very well laid out in terms of issues in the left-hand column and comments in the right-hand column. Boy, that is impressive; it really is. It is a very helpful tool for the committee to follow your address

laid out in that succinct point form. Please proceed, sir, and try to leave us 10 of your 20 minutes for conversation.

Mr Gagnon: I must say that we had to put this together very quickly the last couple of days because we have quite a few fires to extinguish in Hearst in terms of all kinds of economic problems that we have. I must also say that I was asked by the president of Nord Aski, which is an economic development corporation in our area comprising the municipalities of Mattice, Val Côté, Hearst, Hornepayne and Constance Lake Indian Reserve, to represent them here today with this little brief.

We have split things into issues and suggestions, as you said. Some of them are of a minor nature, including the first four ones, but since we were here we thought we could maybe just touch on them.

The matter of the Ontario Hydro board of directors being increased by four directors, we felt that at this point in time when the economic situation is pretty bad that to add four directors on a board that already has 17 is a bit much. There are a lot of travelling-time costs, increases in remuneration, lost time, and when it gets too big sometimes it is unwieldy and sometimes counterproductive. We just wanted to express our opinion on that.

On the matter of the chairman becoming the CEO, we did not quite understand what was meant by that, but if it means the CEO becoming the chief administrative officer at the same time, we thought we might lose something in terms of separation of policy makers and the administrative staff. That person may become at one point in time kind of mixed in both, and it is hard to wear the two hats. Maybe we would lose the role of the chairman as the protector of the public. Again, it is a minor issue but we thought of mentioning it. If the chairman becomes the CEO, what happens when he is absent or away? Does a vice-chairman then pick up on that administrative responsibility on top and does that add on cost and so on?

The fourth issue we thought of a minor nature is the chairman's remuneration determined by the board. We thought it might be ambiguous. I know I would not like to be a director if all of a sudden I had to determine that. He is maybe not my boss, but he is certainly in a higher position and I would have to do that. We were just wondering, why not have the Lieutenant Governor, just like any other directors, determine that salary?

The following issue, as I said before, is of more importance. It is the cost of complying with policy directives. We thought there might be kind of three levels of absorption of these costs. Some that are directly related to Ontario Hydro, of course, we agree should be absorbed by them.

There may be other costs that are of a general, province-wide nature and should be their responsibility, but sometimes you may have certain commissions or municipalities that might not want to come up and agree. We thought maybe there could be some punitive rate structure in order to ensure that everybody is in line so that maybe those who do not want to participate should absorb that cost, or some of that cost.

Costs for programs and policies of a local or indirect nature, as a result of being imposed by the government, we believe should be borne by the province. Energy conserva-

tion programs initiated locally with cost-saving features should be borne by that municipal corporation or commission. We feel there is certainly a fine line in defining what should be the government's or Ontario's, but I think that there is a board to determine that. The key, to us, is to ensure that there are no costs that are all of a sudden kind of buried and hidden away through the agency.

Ontario Hydro's continued high prices and excessive increases for energy have a detrimental impact on the viability of industries, especially in northern Ontario, where there are major hurdles to be faced. We suggest that cost control and operational efficiency programs should be imposed with set targets like zero-based budgeting, restricted increases, prescribed decreases sometimes. I think at this point in time this is being imposed in other jurisdictions, be it hospitals, municipalities and so on. Cost efficiency, I think, is extremely important.

We say Hydro costs in the north should be more affordable and sometimes service-oriented to maintain what is left of the industrial base. Recently, in our own town, we have a lot of trouble making one company, Levesque Plywood, survive. It had to reorganize, lay off and so on. All of a sudden, overnight an increase in cost of \$140,000 is imposed, and it is not a very big company. That represents three to four people. We just think it is counterproductive and repressive and we just cannot afford that.

I think it should also provide incentive for industrial and business development in the north and we have recently had examples of that. The key to Spruce Falls' survival, for instance, was involvement. Elliot Lake was another example. We think it should enhance potential for development of small enterprises.

As an example, we put Hornepayne as part of Nord Aski and over there they just cannot add on a five-horsepower motor practically. They are very badly serviced, they have outages that last for days and are very numerous, they are serviced by a bad line and on top of that they do not have any other sources like we may have in our area with natural gas, for instance. We have alternatives that they do not have.

Another point I would like to make at this point in time for Hornepayne is there is a potential for a little hydro project just about 40-some-odd miles away. The thrust now is to bring a line to Hearst to go into the grid. You asked the question of diverting this and diverting it to Hornepayne, which is shorter, maybe a little bit more expensive, because you are on rock versus swamps or soft ground but, in any case, we cannot get anywhere and we just cannot see why not. That would then give them this additional safety net and a potential for growth, of course.

On the issue about strong merits of conservation measures to help achieve cost-efficiency and self-sufficiency in the province, we suggest reduction and eliminating the need to rely on megaprojects which are a hazard to the environment and humans and are excessively costly to operate in the short, medium and long term. Of course, when there are breakdowns it creates a major disaster in terms of supply.

Introduction of a program of conversion to fuel for heating purposes: We think there should be a financial

assistance program to home owners in relation to Ontario Hydro savings. We do not say to pay it all, but maybe some savings could be rechannelled towards such a program. It would help a lot in the north here.

Production of energy in an environmentally sound manner using Ontario resources should be maximized before considering external solutions. We think that Ontario Hydro should be conscious of the overall picture, the impact on provincial, regional and local economies, the impact on employment, the impact on the environment, the impact on our cost-efficiency and, of course, should keep an eye on the ups and downs of consumption in times of recession or economic surge.

In our case, right now we are fighting very hard. For instance, we have a major environmental problem. We used to have a firm by the name of BioShell which used to absorb all the residue and convert it into pellets to be transported to Iroquois Falls for fuel there, but since the deregulation on natural gas, this became too expensive, quite a difference. It was a lot easier to open up the tap and let a debt fall.

The companies had relied on a firm like BioShell, for instance, in the last decade to take care of the residue but, all of a sudden, overnight, and even though there are stipulations in the contracts that they would give a two-year notice, just overnight they said, "No, sorry, we can't take it," and that is it, that is all.

Now they are accumulating and there is practically a mountain—only one of the mills for a half-year operation. There is a mountain there of residue that not only is an environmental problem, but could be a disaster in terms of internal combustion if heat—and it was seen in another mill not too far from us just last year. We could have a major disaster.

We say also the north should have its share of opportunity in producing energy. Ontario Hydro should value power transmission lines as infrastructures and strategic tools for economic potential. The construction or upgrading of lines to accommodate non-utility generation projects should be a priority. Economic development opportunities are quite restricted in the north and resources for electricity generation capacity are readily available, just like I have said a while ago in terms of residues.

There is surplus natural gas right now. There are water courses that could be promoted under new energy directions. There is the added benefit of many small projects dispersed throughout the province providing economic spinoffs and better assurance of power in case of failures and disasters, since it would be restricted to specific regions. What I mean here also is that the ratio of employment per megawatt is higher with small projects than bigger projects, we believe. To have this shared across the north is a valid suggestion, and of course the economic spinoffs are important for survival. In this vein we think there should be a second look at the Ontario-Manitoba interconnection project and maybe cancelling, delaying, or diverting this money towards such an idea.

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It is noteworthy that, to our knowledge, the Municipal Electric Association and local public utilities, in our own

town specifically, have chosen not to consult municipalities which are elected representatives of the public to protect and favour the general interest of the community and hence provide a more comprehensive view. So we were kind of surprised and we made our point to them.

In conclusion, I want to reiterate the fine line between the environmental, social and economic impacts that could be transferred to Ontario Hydro. We disagree that bailouts, for instance, should be added to Ontario Hydro's costs. Not only does it bring unfair competition sometimes between the same types of industry, but it tacks on some additional costs to the competition. We would like to caution Ontario Hydro this way. We also want to reiterate our support of the government's vision for Ontario Hydro to play a more active and responsible role in our economy and society in general.

Mr Wood: Thank you very much, Mr Gagnon, for coming forward with your presentation. I know the number of hours you had to travel by car to get here. I do the same trip myself, and it is a three-hour or three-and-a-half-hour drive to get here.

Second, I would like to personally thank you for bringing forth your representation for Hornepayne and around the Hearst area—Hornepayne is not necessarily in my riding, but Bud Wildman represents that area—and the concern that Nord Aski has brought, which has been covered in here.

The question I have concerns the communities in the north wanting to control their own destinies. I am talking about a community like Smooth Rock Falls, which has a cogenerating plant which gets rid of its waste. Cochrane has a cogenerating plant which gets rid of its waste and produces electricity. In Hearst, I believe, the whole population around that area believes in that route as far as Hearst is concerned?

Mr Gagnon: Yes. As a solution to our problem with the closing of BioShell, there was an interministerial committee with the Hearst Lumbermen's Association, including the municipality and Nord Aski, that was set up as late as last spring. Proposals were received for a cogeneration plant that would take care of all that residue in a very efficient manner and with quite a bit of economic spinoff.

There were all kinds of delays. We were told at first it was a problem that the line between Kapuskasing and Hearst could support only 100 megawatts. Then all of a sudden after all this work, late in the fall when everything was ready to go and take care of our problem, at the same time we were told that between Timmins and Sudbury there was a problem. It seems the right hand does not know what the left hand is doing. We were kind of flabbergasted. But I agree with you that the whole town and the population is in total support of this, including the Indian reserve in Calstock who have a mill on their reserve where half the employees at that mill are natives.

Mr Wood: I was going to ask you that question. I am glad you covered it because I believe that at Levesque Plywood, 50% to 60% who work there are native population.

Mr Gagnon: I think it is part of the contract to have that.

Mr Wood: They are in agreement with Nord Aski?

Mr Gagnon: Yes. It is just like the other project I spoke about a while ago, the Nagagami power project. There was a referendum held on the reserve. There were quite a few changes made to that project and now it is pretty near all underground. There was hardly anything done to the environment. They are supporting that project. As a matter of fact, they have shares in it.

Mr Wood: You made the comment that the public utilities commissions in Hearst and in maybe some other municipalities are not necessarily consulting with the mayor and the elected bodies before making presentations. Do you know of any other communities where this might be happening? I am not asking you to name them.

Mr Gagnon: I do not know of any that did. In any case, it seems to me from reading the material that they have taken a very strong position and there were not even copies sent, in our case, between the municipality and the PUC. I do not know, but I have a feeling it was done deliberately in order to avoid the other views that are of benefit to the public in general. This is one of the reasons I am here today.

Mr Hugot: I too would like to thank you for a very constructive presentation. It is obvious you put some time into this. I thank you very much for taking the time to come down here today. I have a question as a follow-up to Mr Wood's question regarding the PUCs. You say in your presentation here that one of your minor considerations is the expansion of the board of Ontario Hydro and the related cost factors that go with that. I will certainly take those concerns under advisement.

The purpose of expanding the board was to get more of a cross-section of representation of the people of Ontario. We heard I believe yesterday or the day before from a public utilities commission that suggested the only representatives on the board of Ontario Hydro should be public utility commissions. I wonder what your views would be on that.

Mr Gagnon: I view the board of directors as kind of the people appointed to protect the interests of the public. How many people do you need to do that? It is answerable to the government in power at that point in time. I am sure you have sat on many boards, as I have. I do not know if everyone on there is a full participant and if there is not duplication. If we are serious about being cost-efficient, especially at this point in time, we are saying "I wonder why," because we think even a board of 11 could very well do the job.

Mr McGuinty: I was pleased when the government indicated it was going to promote and encourage production of electricity through non-utility generators. I have a concern that there has been a freeze on that. I understand it is temporary, but I am not sure. In any event, you mention in here that there is room for that kind of development in your area. Can you tell us to what extent?

Mr Gagnon: We have two examples right now that are right before Ontario Hydro. One is that energy complex that would take care of the residue, that would take care of all that environmental problem and that would create

about 40 jobs, not counting local transport, one transport that would actually transport 27 miles from the reserve. It would create this. It is there on the table right now.

There is also that other project on the Nagagami River for 15. There are other possibilities, but the restriction was that the line between Kapuskasing and Hearst could only absorb 100 megawatts. That energy complex, to become viable, has to exceed 75 megawatts. They are in the process of getting 85 and maybe 90. The two projects marry very well, because when the production of the Hydro project at Nagagami is down in the wintertime, they can up it, and then it can become quite profitable.

Mr McGuinty: Have you received any indication from Hydro as to whether these proposals are going to meet with success?

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Mr Gagnon: We have confidence, because it follows common sense. It is logical that when they establish priorities, they do not just look at who was first in, the first-in-first-out philosophy, but they look at all the criteria, all the items that are of importance, in order to arrive at a decision and to prioritize.

Mr McGuinty: You mentioned that you felt there was room for other developments of a similar nature.

Mr Gagnon: Yes, there are others along that river. Nagagami Power, for instance, requested 25 megawatts but they have reduced it to 15 megawatts in order to start with phase 1. There are other possibilities that are not on the table right now.

Mr McGuinty: Are you not meeting any environmental concerns or native land concerns?

Mr Gagnon: In the case of?

Mr McGuinty: The non-utility generation.

Mr Gagnon: In our case, we have their total support. I think we are quite environmentally friendly. In the case of the hydroelectric project, you just go about 150 feet down in the rock. The discharge channel is all underground. It is two rivers that are parallel. There is a little dam of about 20 feet and the backup is very minimal. You encroach only four feet on the side. In order to avoid the mercury problem, the one side is rock and on the other side they will take away the surface. All these things were looked at and analysed, and it is ready to go.

Mr Jordan: Thank you for taking the time to be part of our committee. On page 3 of your submission, you say, "The key is to ensure that costs not related to the purposes of producing electricity and delivery are not buried at the expense of the consumer." Would you like to enlarge on that, please?

Mr Gagnon: There could be some costs. It is hard for us to imagine the whole province when you are living in a little town like we are, but we can envisage that at some point in time there could be some cost imposed. We look at Elliot Lake for instance and the fact that they can have the material cheaper than what they have now. Is it reasonable at this time to get that cost diverted to the consumer? We never really sat down and tried to find other cases, but we think potentially there could be some diversion of costs

that are not really Ontario Hydro's. We hope everybody will be on their guard not to do that.

Mr Jordan: So if the government wanted to do something like that, it could take it out of the general fund rather than—

Mr Gagnon: That is right. We are saying at that point in time, if Ontario Hydro is a tool for economic development, it is not necessarily required that it absorb the cost, but it could be the infrastructure, the tool, to do it. Especially in the north, Ontario Hydro should be an infrastructure for economic development. We believe in that totally.

Mr Jordan: I understand from the revised demand-supply plan that the development of hydraulic sites in the north has been set aside in favour of the 500-kilovolt tie-line from Manitoba.

Mr Gagnon: To my knowledge, the one I referred to was not. They had status, and I think logically it should go through.

Mr Jordan: I believe the problem was with the environmental effect on the property owners adjacent to the site. Rather than create whatever problem would be created, in order to proceed with the development, they favoured the 500-kilovolt tie-line to Manitoba.

Mr Gagnon: I am not aware. I am just aware of that little project.

Mr Jordan: You do not have a copy yet of the revised update.

Mr Gagnon: I just got it.

Mr Jordan: I have just briefly looked at it also. I guess you end up by saying, "We support the government's vision for Hydro to play a more active and responsible role in our economy and society in general."

Mr Gagnon: We refer here to our specific problems. We have the Nord Aski region, the one of the problem of environment. As a matter of fact, the Ministry of the Environment has been very supportive. They were supposed to get something done last June, delayed it in the fall, and January 14 was supposed to be the deadline. That would have closed all the mills in Hearst, and there is nowhere to go. There is one firm that made an offer recently. I do not know how firm it is, but it would mean transportation of many miles to Iroquois Falls.

Mr Wood: It is an eight-hour round trip.

Mr Gagnon: About. That would cost \$2.7 million annually. Does it make sense to spend all that money and bring it there, losing the jobs in Hearst, not having that firm locally, you know, as a corporate citizen, the hazard on the highway in the wintertime, environmental problems in terms of the gasoline? We are saying to establish priority in those criteria. They should look at the total picture.

Mr Jordan: Yes. Just one final, short question on cogeneration. I believe you were referring to energy from waste.

Mr Gagnon: Energy from waste combined with natural gas. In the experience of the lumbermen—and they have gone through it; some of them had their own project—the combination is necessary at this point in time with the

technology available. For those who have gone only waste, the humidity content and so on entails major problems. So the one that was efficient and the one they want to look at and have agreed to look at—

Mr Jordan: The government has agreed.

Mr Gagnon: The lumbermen's association.

Mr Jordan: Yes, I understand that.

Mr Gagnon: Because they control the residue.

Mr Jordan: But I understand our present government is not in favour of energy from waste.

Mr Gagnon: I think they are.

Mr Jordan: I could be wrong, but—

Mr Gagnon: The combination? That is the only solution. The interministerial committee that represented the ministries of Energy, Northern Development and so on—there were three or four or five ministries—has agreed. So this is a surprise to me.

Mr Conway: It is a surprise to me too.

The Chair: Mayor Gagnon, surprises are a daily occurrence, as you well know from being in this business. I want to thank you very much for your community's interest, for your participation this afternoon. You have travelled a significant distance and we are grateful to you. I trust that you will keep in touch with the respective caucuses, keep them advised in an ongoing way of your views and that they will let you know what happens to this legislation as it develops.

Mr Gagnon: I thank you.

1530

MUNICIPAL ELECTRIC ASSOCIATION, DISTRICT 9

The Chair: We have our next participant, Mr Stan Smith, from the Municipal Electric Association, District 9.

I should explain to people who are observing that each participant was scheduled with 20 minutes of time. When, however, there is a last-minute cancellation, as there was, it permits the committee to spend a little more time with a participant who happens to be sitting with the committee at the time that cancellation occurs. There is a strong effort on the committee's part to be fair and to provide equal time to all participants, but we certainly would not want to waste time with, let's say, a 20-minute adjournment. That would be idle time. It is far better that we spend it discussing the issues.

Sir, please tell us the capacity in which you represent the Municipal Electric Association, and proceed with your comments.

Mr Smith: I am the vice-chair of District 9 of the Municipal Electric Association and also a commissioner with the Sudbury Hydro-Electric Commission. I welcome the opportunity to present a brief to your committee with respect to issues contained in Bill 118. I am here today not as a commissioner of Sudbury Hydro but in my capacity as vice-chairman of District 9.

District 9 of the MEA represents electric utilities in the northeastern section of the province, including large utilities such as North Bay Hydro-Electric Commission, Sudbury Hydro-Electric Commission, Sault Ste Marie Public

Utilities Commission and also small utilities such as Chapleau Hydro, Thessalon, Latchford and Larder Lake, a total of 21 utilities serving some 200,000 customers.

As a district, we are vitally concerned about all aspects dealing with electricity, ranging from security and reliability of supply to the cost to the customers we serve. Electricity is absolutely essential to the economic wellbeing not only of northern Ontario but of all the residents of the province. It is for the above reasons that I appear before you to voice concern on specific issues contained in Bill 118.

The first issue is policy directives by government to Ontario Hydro. This particular matter has received considerable attention at the provincial level. It is our understanding that Ontario Energy minister, Will Ferguson, has undertaken the commitment that the government will make sure that any policy directives issued to Ontario Hydro will not change the mandate of Ontario Hydro and, further, that any policy directives issued will be consistent with Ontario Hydro's mandate under the Power Corporation Act.

I bring this forward to ensure that this undertaking by the government is adhered to. We feel that the principle of power at cost must be followed and that the role of Hydro be clearly identified as being the supply of electricity to the province.

A second issue is energy conservation and fuel substitution. While we all support the principle of energy conservation for all forms of energy, be it electricity, gas, oil etc, we wish to convey to you our serious concerns on the issue of fuel substitution, specifically conversion of electric to gas for space heating. The minister has indicated that it is the government's intention to move forward on fuel switching. It has undertaken a commitment to consult with Ontario Hydro and municipal electric utilities. However, we do have three fundamental concerns here.

First, users of electricity should not be expected to bear the financial cost of switching to an alternative fuel where the beneficiary of this switch will be the gas customers and the gas company. This is an unfair charge to impose upon the users of electricity. If this is to be done, the cost should be borne by the gas industry, which will benefit directly by increased sales. With the high percentage of penetration in electric space heating in northern utilities, with 30% of the customers using electricity for heating, fuel substitution would be financially horrendous.

Second, in our opinion there has not been a long-term evaluation of the supply of gas nor its cost to the end user. In fact, the absence of any long-term evaluation of the availability of gas should be a matter of urgent and detailed study by the provincial government before any action is undertaken on fuel substitution. One only has to look at the current problems and demands placed on the primary gas suppliers by what is going on in the United States. We view this as a matter of potential concern which could put the users of gas in the province at risk in future years.

Third, although gas has lower overall emissions to the atmosphere as compared with coal or oil, the fact remains that increased use of gas will add to the emissions prob-

lem. This matter must receive further study before proceeding with the fuel substitution initiative.

In our view, the move towards a fuel substitution program in the absence of any long-term energy strategy for the province as a whole is premature. What happens when the price of gas exceeds electricity? What happens when the gas supply runs out? What happens when somebody turns the tap, cuts it off? The only fallback position to make the province less dependent on outside fuel sources is nuclear power. We strongly urge this committee to consider the urgent need to develop a long-term energy policy for Ontario as its first and highest priority.

Electricity and its importance to the economic stability and development of the province: As a District 9 representative and as a commissioner, I know the importance of a secure and competitive supply of electricity to the economic wellbeing of this province. Our concern is that through the actions of government in the moratorium on nuclear power and the application of charges such as the water rental charges, debt guarantee charges, the implementation of the federal goods and services to electricity etc, all have contributed to escalate the cost of electricity and added to the uncertainty of future supply.

The principle of power at cost must be adhered to if we are to retain and attract industrial and commercial growth, and we seek this committee's support in ensuring that this principle is maintained.

It has always been the mandate of Ontario Hydro from its inception to supply power at cost to this great province of ours. I refer you, if you ever have a chance to read it, to this booklet I have a copy of called *The People's Power*. It was published in 1960. It goes back to the inception of Ontario Hydro up to that point in time and the battles that Ontario Hydro constantly fought with the government to retain that principle. Here we are, 30-odd years later, still fighting for that principle.

The principle of power at cost has been one of the leading factors responsible for the growth in manufacturing, mining and industry in general that this province has enjoyed in the past. We must in all good faith maintain this principle laid down by Ontario Hydro's founder, Sir Adam Beck, the supply of power at cost, so that the prosperity and growth of this great province can once again be triggered.

Respectfully submitted. Thank you very much, members of the committee.

Mr Conway: That book is by Merrill Denison, is it not?

Mr Smith: That is correct.

Mr Conway: It is an interesting book. Mr Beck has enjoyed a very good reputation. I must say that while I accept some of your argument, one of the things I have always admired about Adam Beck was how he was able to construct an apparatus using actually more the tactics of Greenpeace than anybody else to kind of put himself outside anybody's control. Quite an effective fellow was our Adam Beck.

I will not bore you with it, but there is another book by a fellow named Nelles called *The Politics of Development*, which looks at Hydro in a more detailed way. I recommend

you read that. Part of my terror with the new Hydro chairman is I think we have Adam Beck revisited: Adam Beck to Marc Eliesen in two easy steps. But I am not altogether objective on that subject, so I do not expect to be taken as such.

I do want to ask you one specific question, and that has to do with fuel substitution. You seem to be very sceptical. You will want to read the chairman's latest pronouncement from the mountain, because it is very interesting reading. Mr Eliesen has certainly not bothered to tell this committee what he is up to, but he has told the province today that he has some brave new plans. From what I can read, fuel substitution is a very significant part of this, and he has some very ambitious targets. He is succeeding at a rate that is positively breathtaking. By next spring, Bill 118 and a lot of municipal electrical utilities may be entirely redundant, because he is making gains on demand management and fuel substitution at a breathtaking pace. It just awaits, I think, the melting winter snows to see how he is going to amend this even further by about March or April.

Poor Mr Jordan is going to want to read this very carefully, because we are making very great progress, but clearly Mr Eliesen in his revised plans anticipates dramatic gains on demand management as a result of fuel substitution. It would only be a naysayer who would not appreciate that this is a brave new world, and I just do not understand and I need you to help me understand how it is that fuel substitution might not be the best news for Sudbury Hydro.

1540

Mr Smith: Maybe I did not put that quite clearly.

Mr Conway: I think you put it clearly and I would like you just to explain, because I think you make a very good point and I want to understand. I think you said in your brief that something like 30% of your customers use electricity as space heating.

Mr Smith: That is correct.

Mr Conway: If there is a substitution away from that, the residual cost to the ratepayers in places like Sudbury will be noticeably higher.

Mr Smith: Very much higher.

Mr Conway: Can you just flesh that out a wee bit?

Mr Smith: The consumption of the electrical house user obviously is fairly high. They are among our highest consumers, and that cost of power, the return on that usage, helps to run our utility, and we put in an infrastructure to support and provide that extra cost in transformation, in distribution and what have you. If that consumption then disappears, the capital cost to put in that extra infrastructure is still there. It is amortized over 20 years and we still have to pay for it, but we have to pay for it now on a reduced consumption. Therefore, for the remaining customers, obviously their rates are—

Mr Conway: But your bulk power rate is going to go down significantly apparently, because you are not going to have to build all these—

Mr Smith: From all our information, our power is going to go up significantly.

Mr Conway: But you are not going to have buy all this expensive Darlington power.

Mr Smith: That is hypothetical. We do not know. What I am trying to say is that we have fixed costs in place that have been put in to supply all these subdivisions and what have you so that they are all 200-, 300-, 400-, 500-amp service. There are a lot of them in Sudbury. It has been a favoured fuel, I might say, over the last decade, and we promoted it.

Mr Conway: So you are telling me that over the intermediate term, if the fuel substitution, which quite frankly most people expect to happen and most people I think see as a good thing—

Mr Smith: I would not deny that it is a good thing. We are very concerned that it is not done at the cost of the existing hydro users, if people want to let the market forces take care of it.

Mr Conway: Setting aside the very valid question of who pays, where I do agree with you completely, am I right then in understanding you to say that in at least the intermediate term, if fuel substitution—let's say away from electricity for space heating to natural gas, which will be the obvious alternative of choice where it is available—is modestly successful over the intermediate term, and by that I mean, say, the next three to eight years, that could in that intermediate term produce in your view significantly higher electricity bills for those people who are paying them in the Sudbury area?

Mr Smith: As a commission, yes, we feel that.

Mr Jordan: Thank you, sir, for your fine presentation. You noted that the Minister of Energy has stated that he will not issue directives that are outside the Power Corporation Act.

Mr Smith: We understand that.

Mr Jordan: My concern is, which act are we talking about, the act as it is now or the act as amended?

Mr Smith: It is my understanding it is the act as it is now, not the act as amended.

Mr Jordan: I personally have not had that clarified, because the act after Bill 118 is not going to be the same, as you are well aware.

Mr Smith: That is correct.

Mr Jordan: So when you assume that the directives issued will not be outside the Power Corporation Act—

Mr Smith: If I may, Mr Chairman, I will just quote from the October 2, 1991, statement by Will Ferguson, the Ontario Minister of Energy, on Bill 118:

"When I opened debate on Bill 118, I indicated the government would be listening closely to what was said. I also informed the House that the government would be responsive where appropriate. We are responding.

"The changes that will be moved during committee will make it clear that the intent and purpose of the legislation is to provide the framework for a new partnership with Ontario Hydro and remove the barriers to the implementation of our new energy directions. The primary goal of these new energy directions is to protect the environment

while ensuring that the province continues to have a reliable supply of energy at reasonable prices.

"We propose to make it perfectly clear that any policy directive that is issued must relate to the corporation's exercise of its powers and duties under the act and not lead to an extension of those powers and duties by means of government directives.

"Mr Speaker, we have heard from the Municipal Electric Association and a number of municipal electric utilities and we are seeking to be responsive to their concerns. We will continue to listen as the legislative process unfolds.

"The government shall also move some minor wording changes dealing with the substitution of other forms of energy for electrical energy. These changes will clarify the government's intentions."

So we are given to understand that there will be consultation with the MEA. I am only speaking on behalf of District 9, not the main body. When we held our annual meeting here in October this is the understanding we received from the government at that time. Does that answer your question?

Mr Jordan: Why I am concerned about it is, the present act relates to the safe use of electrical energy, the improvement of a system for the use of electrical energy in a building and the conversion of a space heating system to one based in whole or in part on the use of electrical energy.

That is going to be revised to read, "The safe use of energy." It will not be "electrical energy." It is, "The safe use of energy." The other will be, "The improvement of an energy system in a building," which means any energy system. The third now reads, "The conversion of a space heating system to a system based on the form of energy that would result in the greatest energy conservation in the circumstances." Ontario Hydro will be absorbing the cost of conservation of all energies relative to the building and relative to the system. That is my interpretation. I was wondering if you had one.

Mr Smith: I am afraid I have not seen that quote. I have not seen that document you are quoting from.

Mr Jordan: It would be my pleasure later to bring it to your attention. Thank you very much.

Mr Martin: I am sorry I was not here for the beginning of your presentation. However, certainly the end of it intrigues me. The place you come from interests me, because initially it was on the sheet here that you were going to be a gentleman from Sault Ste Marie.

Mr Smith: Mr Chairman, if I could clarify, I was called suddenly yesterday. Apparently the gentleman from Sault Ste Marie, Ed Bondar, who used to work for the Hydro, his daughter is one of the astronauts. He has taken the opportunity to go down there, so I was asked to substitute at short notice.

1550

Mr Martin: I appreciate your coming on such a cold day. I want you to know that the reason I was not in here was that I was talking to the mayor of our community on the phone because we have some mutual concerns about

the economy of our community, and certainly the question of energy enters into that discussion.

In our community, there is a proposal on the table with Ontario Hydro and the ministry actually to build a cogeneration plant on the property of Algoma Steel which would in fact provide energy to St Marys Paper to a saving of about \$500,000 a year, which is significant as we try to save an industry in the forefront of the recession that is raging at the moment. I ask you to help me struggle with that.

You presented, and rightfully so, the cost of the infrastructure in place in your community and in my community which, no matter how much energy is going through, has to be paid for. The question I ask is: Which becomes more important, providing the industries in our communities with a cheaper source of energy through some other form of generation or continuing the method we are using at the moment? Because there are costs to that. Downsizing to bring it on line might be fairly costly, perhaps to the utility commission and perhaps to the city, I am not sure. Could you talk about that a little bit?

Mr Smith: I cannot speak for Sault Ste Marie because I am not familiar with the problem out there, but as far as Sudbury is concerned, if there was a chance to put a cogeneration plant in Sudbury that could help feed the nickel industry and also feed the utility in a cost-effective way, I think we would look at it very seriously.

We would have to study the impacts, we would have to study the bottom line, as you might say. We certainly would not reject it. We would look at it very seriously even though it may in the short term have some adverse effects, but in the long term have benefits to the community I am elected to serve. I am not elected to serve people outside so much as I am in the community of Sudbury. But we would certainly look at it.

Mr Martin: In that scenario, where it is an obvious benefit to the community from an industrial perspective, do you think it would be appropriate for Ontario Hydro to put some dollars in to see if this was possible or to make it possible?

Mr Smith: If it is an expense, it is a cost that is applicable to the industry, I do not really see any objections to that. But if it is a cost that would promote another form of energy, I think that other form of energy should have an obligation to participate in that cost, if you understand what I mean.

Mr Martin: Yes, I do.

Mr Smith: It should be a shared thing. It should not all fall on the shoulders of our ratepayers. We have no objection to looking at any of these substitutions provided it is a shared cost, provided all the cost does not fall on our ratepayers. The industry, if you want to put it that way, or the utility that is going to benefit should share part of the cost.

Mr Martin: I believe at the moment from everything I have seen so far the intention of Great Lakes Power is to carry all of the costs. But there may be other costs incurred that Ontario Hydro may be asked under this bill to assist

with. That was the context within which I presented this. I thank you very much for your comments.

The Chair: Mr Klopp, one quick question.

Mr Klopp: Since you said one quick question and you said I was short, I will do two real quick ones.

The Chair: As a matter of fact, you can ask three quick ones.

Mr Klopp: Two. Back in my riding, I had a Hydro person come up to me and explain to me that the government happened to be giving some money to a contractor to build something; it was government, not a private contractor or a private apartment building. He said: "I don't understand. Governments get really serious with us so that we don't build more plants and keep our electrical costs constant over the years, instead of inflation and all that good stuff. Yet here is a government contract going out and they are going to put in electric baseboard heaters, which are the most inefficient things going. The company is going to make money, but in the long run we're all going to be paying it on our electrical bills. We all are, and I make good money, but it is very inefficient."

He took a strip off my back, and I said, "Well, sir, why didn't you go and tell those people that they shouldn't be using electrical energy?" and he said: "Because the mandate of Ontario Hydro says that I can't. I can only talk about electrical energy. I can't begin to talk about anybody else."

Leo brought it up. Now the act is being changed and Ontario Hydro is to look at wider ranges. Do you think it is a good idea that the act should be changed so that an Ontario Hydro person can talk about other sources of energy?

Mr Smith: I see no objection to it at all. People ask me all day long. I am elected to represent our community on the electrical utility, but many of my constituents talk to me about gas and oil and give me hell about electricity and one thing and another in the context that you say.

Mr Klopp: The act allows that they can look at other things besides electricity.

Mr Smith: I talk about it.

Mr Klopp: You said in your comments that the only fallback position of Ontario is nuclear power. What did you base that on?

Mr Smith: As I understand it, Ontario has no fossil fuels. That was the whole idea of Ontario Hydro: It had no fossil fuels. We have no coal; we have no oil, or very little of it. We had nothing else until uranium was discovered, so we depended on Ontario Hydro and Ontario Hydro triggered and is responsible for where this province is today: cheap power.

Mr Klopp: We have complaints it is going up every—

Mr Smith: I am talking historically; I am not talking about today. If you read any of these things, it is a constant battle to keep this power at cost. It is power at cost, gentlemen. It became power at the lowest possible cost and it became power at the most feasible cost, and now God knows what it is. But it was power at cost, and the fact is, because of that and because the people of this province were able to keep control of their power, that industry

came in here. Industry came into this province because we were able to offer it over the years the lowest possible cost in hydro of any other state or province in the country, and gentlemen, we are fast losing that. You can see the result.

Mr Klopp: That is why we have to change the act.

Mr Smith: You can see the result right now: The cost of hydro is going up and up and industry is going out and out. That is the bottom line.

Mr Klopp: Do you not draw the line that we have also increased it in nuclear power? Do you not see that line at all?

Mr Smith: I am sorry. I do not understand you.

Mr Klopp: We have also increased our nuclear dependency by 60%. Sixty per cent of the hydro in Ontario—it depends if it is running or not—depends on nuclear power, and that is why the cost has been going up and up. That is power at cost, but what a cost.

Mr Smith: There are an awful lot of other costs that have gone in there that have nothing to do with nuclear: water rental costs, debt guarantee costs, you call them whatever you like. They are nothing to do really with the cost of power.

Mr Klopp: Sixty per cent of it has to do with nuclear.

The Chair: Mr Huget has a brief matter, because we have to wrap this up at 4 pm.

Mr Huget: I would just like to follow up a little bit on Mr Klopp and that continuing discussion about the nuclear role in Ontario.

My view is that, first of all, I do not believe nuclear power is necessarily cheap. There is an environmental issue in terms of dealing with nuclear power facilities, and I think you would agree that the efficiency level of operation of nuclear facilities in recent history is far from being optimum. When I hear your district or you saying that the only fallback position in the province is nuclear power, I am wondering, do you not think it is in the best interests of Ontario, your utility, industry and the general public that we pay some attention to those other possibilities until we deal with some of the issues that are very much a concern of everyone, when you look at the environmental and the efficiency and the cost factor of nuclear power?

Mr Smith: I agree with you 100%, but the point is we do not just stop. As I understand it, anything to do with nuclear at this point in time has just stopped dead. We feel, at any rate, that at least the planning, or whatever has been in place up to this point, should continue, if it is decided to build these plants in whatever shape or form, large or small. They are not built in a year. They are not built in five years. They are not built in six or seven years. We are looking maybe 10 years down the road. If we do not do anything now, 10 years down the road that supply and demand—which did start to cross over now, as I read in today's *Globe and Mail*. It has now sort of gone the other way. But it may not, and we hope it does not. Once this province gets moving again, and we hope it will very shortly, the demand for hydro power is going to go up.

1600

Mr Jordan: If the price is right.

Mr Huget: I understand what you are saying, but I guess my concern is that certainly there is extra supply to be gained from at least getting our current facilities to run efficiently. From a business point of view and an economic point of view, I do not know how we could condone going ahead with this strategy until we have dealt with a couple of issues, and the obvious environmental one, but that efficiency one—if we were ever to get our plants running the way they should, that in itself would generate a lot of capacity without creating a new facility anywhere.

Mr Smith: Very true. We support energy conservation in every way we can. There is a lot of wastage in the system. We do not deny it. There is wastage in the system, and we need strongly to look at it and we need strongly to flesh it out, as you might say, and correct it. It is there. It is in any system, but it does not mean to say you quit planning for 10 years down the road. Once you have reached the maximum conservation or efficiency possible, then what do you do if your demand is still rising, as we hope it will?

The Chair: I am going to try to balance out the time allotted to each caucus. Mr Conway, briefly.

Mr Conway: I really appreciated your presentation. I think you make quite an interesting argument. Much of this debate is about the role of nuclear power in Ontario's energy future. That much is very clear from these hearings, and there is what I have called in the past a theological difference of opinion on the use of nuclear power in this province. I think it is fair to say that some people have a passionate commitment that it is the worst possible environmental and financial commitment that the province has ever made or could make in the future.

I think there are other people who see it rather differently. I must say we have a new government with a new perspective. I have been around the Legislature longer than I think anybody in this room, and in that the government is consistent, but we will deal with that at another time.

I gather you live in Sudbury.

Mr Smith: Correct.

Mr Conway: My friends tell me that, if I have a free day, I should go to Espanola, because in Espanola I am going to see one of the world's great undertakings, and that is the Ontario Hydro conservation project that is blanketing that community. Since you live a lot closer to Espanola than I do, can you hint at what awaits me when I get there?

Mr Smith: My understanding is—and, of course, I know quite a few people in Espanola—they are very happy with the program.

Mr Conway: I gather it is pretty hard to be unhappy with it.

Mr Smith: They are very happy with it and, as far as I could hear, it has had some very positive results.

Mr Conway: I am really looking forward to making a quiet, unannounced visit some day to Espanola, because my friends tell me that it makes previous government projects around urea formaldehyde foam insulation—well, that is actually not fair—but the old insulation schemes and some of the other government programs of a decade or so look pretty minuscule by comparison. But you hear good things about it?

Mr Smith: Very good things.

Mr Jordan: I have a couple of quick questions. As we go through this fuel switching which, in accordance with the information I received today, is proceeding regardless of whether we meet here or not—I understand it is going to proceed. It has been announced as a positive, that it will, not shall, proceed. It is going to go ahead. I do not know if we are gaining anything or not. If I was here as an individual I think I would tell myself to get in the car and get back to my constituency where I have work to do. If my work here is going to be in vain, I should be told that and let me go on with my other work.

Mr Smith: I quite understand.

Mr Jordan: That is what I am feeling. I hope it does not turn out that way but only time will tell. We are talking about heat here basically, shifting the load, 750 megawatts, over to gas. What is going to happen to your peak in Sudbury? Is it going to become a summer peak?

Mr Smith: Could be.

Mr Jordan: So you still are going to pay the bill but you will not have the kilowatt-hours.

Mr Smith: Then we will try to sell heat pumps or something like that and when we have flooded the market somebody will come along and tell us we did the wrong thing. It is a no-win situation at the moment.

Mr Jordan: Yes, but it is a business.

The Chair: Mr Smith, thank you very much for coming here, especially on short notice. You have provoked and generated a whole lot of interesting discussion. We appreciate it. I trust you will keep in touch with the members of the committee, at least the critics of the respective caucuses and the parliamentary assistant. Take care, have a good trip back home and we look forward to the opportunity of seeing you again.

There are no further presentations this afternoon. Mr Poulin of People Acting for a Clean Environment has elected to fax a submission. It will be distributed to members of the committee. We told Mr Poulin by phone that the committee will be given an opportunity perhaps some time next week to respond, if anybody wishes, to the submission. He will receive a transcript of that and then he could reply further, should he wish to. Otherwise, there is no other matter, subject to anybody wanting to raise a matter for the committee, until 7:20 pm this evening.

The committee recessed at 1607.

EVENING SITTING

The committee resumed at 1935.

CITY OF TIMMINS

The Chair: The first presenter is his worship Victor Power, the mayor of the city of Timmins. Before he begins his remarks, I am going to take the liberty of speaking on behalf of the committee and staff travelling with us to indicate that we have all been impressed, albeit a brief visit, with the hospitality and graciousness of people here and how well we have been received and taken care of since we arrived here early this morning. We are very pleased and happy to have been able to make it to Timmins.

Mr Power: Thank you, Mr Chairman. I will pass those remarks on to those responsible. I would also like to say that we appreciate very much the fact that you selected Timmins as one of the sites for the sittings of this committee. Thank you for this opportunity to comment on Bill 118, An Act to amend the Power Corporation Act.

I am pleased to see that the duties of the chairperson will now include those of chief executive officer. Hopefully this person will become more involved in the operations of Ontario Hydro on a daily basis.

There does not seem to be any reason given to justify why the board must increase from 17 to 22 members. As recently as 1989 the complement had been increased from 13 to 17 members. Some justification should be given to support the need for four additional board members. The public should be made aware of these costs, especially in light of the staggering Ontario Hydro rate increases. Ontario Hydro must look at means of reducing costs. Should the cost for additional members prove to be justifiable, then I trust an appropriate number of northern representatives will be appointed to the board.

Under Bill 118 the Minister of Energy is given the authority to issue policy directives that have been approved by the Lieutenant Governor in Council. This is a positive move if the minister and his government have the courage and conviction to set policy that will be beneficial to the residential, business and industrial users of the province.

This province, as we all know, is still struggling to escape the throes of the current recession. Excessive hydro rate increases will not help improve our economic well-being but will do further damage. Increases should be tied into the percentage municipalities receive from the province for unconditional grants or, at the very least, the cost of living for the previous year. We must all live within our means.

The Minister of Energy must look at this authority granted under Bill 118 as an opportunity to implement policy that will put Ontarians back to work.

1. In order to keep industrial operations viable, Ontario Hydro must be able to adjust the rates for industrial users to reflect poor economic conditions. Locally, Falconbridge is one of the top three users of hydro in the province of Ontario. Every time the hydro rate is increased it impacts on the number of people employed, both permanent and contracted, and the goods and services purchased locally.

From North Bay to Hearst 64% of all hydro used is used by six large employers. Four of these are located in the city of Timmins: the Kidd Creek mine, Malette's waferboard division, Placer Dome and Royal Oak. Our citizens are concerned about the huge increases in hydro rates, 44% compounded over the next three years. There is no business in Ontario that would survive in today's economy with a 44% increase in the cost of its product. Why should Ontario Hydro be exempt from market realities? Hydro rates must be competitive to protect the jobs we have and to promote new employment possibilities.

2. Ontario Hydro must be directed to become more cost-efficient in its operations.

3. Ontario Hydro rate increases must be kept to a minimum. The citizens of this province cannot absorb double-digit increases at this time.

4. Energy programs must be developed to encourage the citizens of this province to use the most economical means of energy, whether it be natural gas, hydro or some other form of energy.

5. If we are not able to produce power at a reasonable cost, this province must be able to purchase energy from other sources. There is power to be purchased in the east and west that is produced at a much cheaper rate than this province is selling it to its consumers, but that energy is being exported to the United States for its benefit. Free trade should not only be between countries but also among provinces. This, by the way, is not an endorsement of free trade but a realization of the fact that the omelette cannot be unscrambled.

6. All provincial ministries should be encouraged to work together with Ontario Hydro to assist wherever possible in helping to speed up the delivery of new energy sources and programs.

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In summary, this issue comes down to one four-letter word, and that word is "jobs." Affordable hydro rates will mean the retention of existing jobs, the creation of new jobs and economic opportunities for the city of Timmins, which as you know has long been the mainstay of the province of Ontario.

Mr Chairman, this concludes my remarks on Bill 118, and again I thank you for this opportunity to express for your consideration the views of the corporation of the city of Timmins.

The Chair: Thank you, sir. We have time for questions and conversation. First, Mr Jordan.

Mr Jordan: Your worship, I appreciate your taking the time this evening to come and present a brief to us on Bill 118. I personally apologize for being a little late in getting back to the meeting, but I hope I have not delayed you that much.

I noticed in your brief that you have more or less supported the government in its efforts to implement Bill 118. Are you in favour of the bill generally or are there some aspects of the bill you have questions on?

Mr Power: I would say generally we are in favour, but it is the application we are concerned about. What we hope is that if Ontario Hydro does come under direct control of the cabinet, action will be taken to ensure that the job situation in places such as Timmins—that is the one I am familiar with—is rectified.

I will give you an example: Kidd Creek Mines. They have a hydro bill of about \$50 million a year. Part of the Kidd Creek operation is a zinc plant—the biggest zinc mine in the world, right here—and it uses a terrific amount of electricity. The increase in their bill, I think, in the past year is something like \$9 million. They are at the point now where if this should continue for the next three or four years, there just will not be a zinc plant.

That is what we are concerned about. If Hydro is going to come under the direction of the cabinet, or the Minister of Energy specifically, we want to see action taken that would reflect in the rates across the province. If they have to be adjusted to make it possible for people to work, then I say let's do it.

This is the first recession the city of Timmins has ever experienced. We did not experience the Great Depression of the 1930s. We did not experience the recession of 1981-82, but we are certainly hurting right now and we are very concerned about jobs, and hydro rates are tied to them in the biggest way.

Mr Jordan: I understand the 11.8% increase in 1992 would make as much as a cent a pound difference in the price of zinc.

Mr Power: Yes, you are right.

Mr Jordan: And that company is quite concerned. With regard to the fact that we do have an 11.8% increase and we do have a conservation program, if you will, how do you see the government's actions, as laid out in Bill 118, are going to change the cost of power in a positive way if we are going to subsidize fuel switching and other forms of—

Mr Power: I do not quite get the drift of the question, to tell you the truth. Do you want to amplify that?

Mr Jordan: Yes, I would not mind. For instance, the light bulb campaign, \$7 million. If it turned out as it was advertised to do, the best you could get back would be \$5 million, so how many investments such as that would you want to see?

Mr Power: I do not know. To be honest, I am not terribly excited about these light bulb campaigns. I think that is maybe razzle-dazzle, frizzle-frazzle. It is public relations, as far as I can see, although I could be wrong. I have not done any research on it.

Mr Jordan: But the \$7 million is a—

Mr Power: But they are spending money on light bulbs and perhaps that will save some money. What I am saying is that if it comes to the point where rates have to be adjusted in a certain area to keep the industries going, then let's do it.

I know Hydro has a big debt. I know they are paying for nuclear power plants and so on. But the biggest thing we do not want to lose sight of is the fact that we have

people working in Ontario and we want more people working in Ontario. If Hydro is the key to that, then we have to keep that in mind.

Mr Wood: Thank you very much, your worship, for coming forward and making an excellent presentation. It has covered a lot of areas.

I want to follow up on what Mr Jordan has said. You emphasize the fact that you realize Ontario Hydro has a huge debt. A lot of it is the result of nuclear plants it had built over the years and probably half of the 11.8% increase is the result of the debt. I do not know if you are aware of that or not. One further comment is that the 11.8% hopefully would not come up to 44% over three years, as you have suggested in here. Do you feel that Bill 118, by allowing power switching to conservation and to gas and to other ways of producing energy, is going to help to reduce the costs of hydro?

Mr Power: Hopefully. Only time will tell, and we are not against that. As I say, there are a lot of things in Bill 118 that are positive. We are not here to oppose Bill 118. What we are here to do is to bring to the attention of the government of Ontario—and I cannot think of a better committee to address than this one—that hydro rates are the key to employment in this part of Ontario. That is the long and the short of it, and unless we have competitive hydro rates—you know yourself, Mr Wood, with respect to the Kapuskasing situation last summer, hydro was the key component in that whole deal, and hydro is your key component here. We have not closed Kidd Creek, and hopefully that will not happen. Nobody is talking about that right now, but we have other industries besides Kidd Creek, and I am certain we could have more industries here in this part of the province related to mining and related to lumbering if we had competitive hydro rates.

Mr Wood: Along that same line, your feeling is that the position the government and Ontario Hydro took concerning Kapuskasing was a good position to take?

Mr Power: Oh, yes. I think they rescued a situation that could have been a lot worse. They did the best they could under the circumstances, no question about that.

The Chair: Mr Wood, we have to allow Mr Huget a question.

Mr Wood: Just one brief one.

The Chair: Okay, but it is between you and him.

Mr Wood: At Sioux Lookout yesterday, we had a presentation saying they felt Bill 118 did not go far enough, that it should go a little further. I am just wondering if you had any suggestions.

Mr Power: How much further would it go? I cannot think of how much further it might go.

Mr Wood: You do not have any other amendments you could suggest?

Mr Power: No, not on that score.

Mr Huget: I will be extremely brief. First of all, let me say I had the privilege of being in Timmins a few months ago with the city's energy forum project that was under way here, and I have to tell you, the enthusiasm displayed by the individuals at that forum was quite refreshing.

There was a lot of interest in energy-efficiency issues and conservation issues and I was quite pleased with the turnout here in Timmins. It was a very good event.

I will briefly make comment on the increase of the board members. The intent of increasing the number of board members was indeed to provide for a broader cross-section of representation of the people of the province, but I certainly can understand and appreciate your concerns in terms of the cost issue of increasing the size of the board, and I will take that under advisement.

You mention in your brief that other ministries should be working more closely with Hydro or with the Ministry of Energy in terms of trying to work within a development strategy. Can you elaborate on that a bit?

Mr Power: I think it is fine, I am all for having environmental hearings, but I do not think they should go on for ever. To give you an example, with the projects that are being planned for this area in the next 10 years, it seems that if people keep dragging their feet, they are never going to get off the ground. We are looking forward to these projects, as I know Mr Wood is in the Kapuskasing area, because it is going to generate a tremendous amount of activity in Timmins and Kapuskasing, but will they ever start? Will the hearings ever end once they do start? I think somebody some day has to hit the gavel and say: "That's the end of it. Now we move on to the real world and do what has to be done."

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Mr Conway: Two questions, your worship. The first is that yesterday, as has been mentioned, we were in Sioux Lookout, where we were presented with some testimony from the local public utilities commission, the hydro commission. The city of Timmins has many things, but I gather one of the few things Timmins does not have is a hydro commission.

Mr Power: That is right.

Mr Conway: How would that happen?

Mr Power: We have never had a PUC. When the city consolidated—that was effective January 1, 1973, so exactly 20 years ago this summer when that was being planned—Hydro came to us and tried to sell the idea of a PUC. It did not go over very well. Frankly, the council of the day—I was an alderman at that time—felt we had enough responsibilities looking after the city of Timmins without acquiring another department with a whole lot of trucks and people with yellow hats and white hats and expensive salaries and benefits.

Frankly, we felt—I have to say this—that Hydro in northeastern Ontario does a terrific job. If we get a power outage of maybe seven minutes after an electrical storm in the summer, we think that is a big deal. When they do have the need to change transformers, they give us about a month's notice and everybody knows. It is on a Sunday morning and there are maybe four or five hours that the power is out. I cannot think of anybody doing a better job than Ontario Hydro is doing here right now, so we do not believe in change for the sake of change.

Mr Conway: That is a very helpful answer. A second and final question: One of the great issues that faces the

Legislature today, as it has for some time, is what kind of energy sourcing we should have for the future. Much has been said, and I think it is widely agreed that conservation should be applied as rigorously and as reasonably as possible.

I was struck by the fact that on page 3 you make reference to a national energy concept. Point 5 says, "If we are not able to produce power at a reasonable cost, this province must be able to purchase energy from other sources." What advice do you think the average person in Timmins would offer the Legislative Assembly around sourcing future energy requirements, beyond what conservation might recommend?

Mr Power: Are you referring to nuclear power?

Mr Conway: The range of options is out there. Would the average person in Timmins be happier with a purchase, say, from Hydro-Québec, if such was theoretically possible—from the Abitibi basin, for example? Would that be preferable to people in northeastern Ontario than committing substantial Ontario resources to capital construction for nuclear or some other kind of fossil plant?

Mr Power: Frankly, if it means huge construction projects for this part of Ontario, I guess we would much prefer that Ontario Hydro do it. The person who turns on a light switch does not really care where the hydro comes from.

The Chair: Mr Conway, did you want to let Mr Cleary ask a question?

Mr Conway: Absolutely.

The Chair: If you are brief, go ahead, but leave time for Mr Cleary.

Mr Conway: No, no.

Mr Cleary: Thank you, your worship, for your presentation. On one of the pages you say that 64% of all Ontario hydro used is used by six large employers.

Mr Power: That is right.

Mr Cleary: We have heard and are familiar with some of them who have said that 10%-plus of their operating expenses is used to buy Ontario hydro. Do you agree with that?

Mr Power: I imagine that it is at least that, sure, because I know that in Kidd Creek, as I say, their hydro bill is somewhere in the neighbourhood of \$50 million a year.

Mr Cleary: Then you go on to say, as my colleague mentioned, about buying power in the east and west. That is very true, because in our part of Ontario we are supplied by Hydro-Québec at a more reasonable cost. The other thing is that those same people are going to be down in the States this weekend looking to negotiate something there at half the cost of Ontario Hydro. So that fits in well with what you had said.

Mr Power: Right. Thank you, Mr Cleary.

The Chair: Mayor Power, once again we thank you for taking the time to come here and for your thoughtful comments. I am hoping and trusting that the people involved in this will keep you advised of how things are developing as the bill goes through committee and then back to the Legislature.

Mr Power: Thank you very much. We hope when you people return the weather is a trifle warmer. This is the coldest night of the winter.

The Chair: Was this cold tonight? I'll be darned.

RESPONSIBLE ECONOMIC AND ENVIRONMENTAL
PROSPERITY ASSOCIATION

The Chair: The next participant is Ambrose Raftis on behalf of the Responsible Economic and Environmental Prosperity Association, acronym REEPA.

Mr Raftis: Thank you for this opportunity. I would like to speak on behalf of a grass-roots community group that was set up to look at a future we could be comfortable with. What has happened in Kirkland Lake is that we have had this garbage issue. That stimulated a lot of interest, with people looking at their own futures and developing a destiny they have in common.

In that vein, I would like to speak in support of the amendment. I think it is a good idea. As to its going far enough, it is hard to go far enough with a bill. There are a lot of directions it could be going in and it may evolve into those directions. I would like to see them go in that direction, but in principle, we support the bill.

Second, I would like to speak in support of the amendment that would allow fuel switching.

Finally, I would like to support a mechanism such as these hearings which allows public accountability. That is probably the fundamental reason that got us into this Ontario Hydro problem in the first place. Decisions were made and the people who paid the bills were not there to cover them.

I am an electrical technologist. My wife's name is Linda Mustard; her father was a research engineer with Ontario Hydro. I have had a history of involvement with Hydro.

I just want to take you back to one example. I was at a course at Trent University and Frank Near was there. At that time, he was the chairman of the hydraulic division at Ontario Hydro. What came out of that meeting was that what Ontario Hydro was telling us at the time about hydro potential as far as nuclear goes was nothing more than a lie. It was telling us there was no feasible hydraulic energy left and that was why it was pushing Darlington at the time.

I discussed this with Frank to find out how Hydro came up with this conflict of potential energy sources. What Frank said was that he went to a meeting. There were 18 people there, two with a hydraulic background and the other 16 with a nuclear background. As a result, when he presented his proposal to produce energy with hydraulic sites—and some of these sites include the Moose River basin, the upper notch in Latchford, and there is some significant potential left on the Niagara site—these options were voted down at the meeting. Then Ontario Hydro's public information group got together and remade the plan the way they thought it should be to support this.

Despite the fact that hydroelectric was the most feasible at the time, it got turned down. I think this is a fundamental problem we have with Ontario Hydro and I hope Bill 118 will address this. We cannot have behind-the-scenes decisions being made that affect the public, that are

financed by the public and have to be carried by the public for years to come. I think this process of policy directives that has steered Hydro to this point is inadequate. Essentially, it supports corruption and hides it behind the scenes. I think in this day and age, that is not acceptable.

The other area I would like to support is the area of fuel switching, for three separate reasons.

The first is basically for the consumer. The consumers who have electrically heated homes at this point are paying more money than they should for heating their homes. It reduces their standard of living if they have to dump an extra amount of money into an energy source that could be replaced by something substantially cheaper. That is the main reason.

The second reason is the environment. We have increasing energy demand. If we are going to be building more energy sources, the cheapest way to get that is by switching some of our heating load into other types of energy.

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The next reason is the concept of centralized energy. The centralized energy that has occurred in the last 20 years is in part responsible for the decline in the quality of life of rural Ontario and the decline in the numbers of people living in these communities. The centralized electrical energy policy has been very much in the best interests of Ontario Hydro but has not been in the best interests of rural Ontario. As our energy dollars leak off to the urban centres, so do our children and the future of our communities.

Consider for a moment the economic impact if communities were to own their own generating stations. Most of the money presently being sent to Toronto via our hydro bills could be circulated throughout communities, creating a more stable economic base for troubled times. This is not a new or unproved idea. Many of the northern European countries have used this model to overcome the inherent disadvantages of cold climates and to retain a competitive edge.

The third reason, basically, is to strengthen the Canadian economy, specifically the Ontario economy. Ontario Hydro is a powerful tool that could be used to improve the operating efficiencies of both our consumer and industrial energy consumption.

A similar model to this was introduced in the early 1980s in California by energy commissioner Varinene. We met with him. We had him up here for a conference back in the early 1980s to explain the plan. The plan allowed the use of capital. There would be an energy assessment done on a household or an industry, and these consumers of electricity would come in and assess what specific area of load could be replaced at a reasonable economic cost and where the payoff was, and then the consumer would actually pay for the cost of the change. The money would come back to the utility in the form of a faster payback.

Presently we have capital tied up in power production that does not pay off for 40 years. The problem with this is that it ends up that a large part of our energy dollar is consumed in interest payments. With this other mechanism, we invest in the consumers and allow them to turn the efficiencies they need to do to save money on their own.

Another point is that there will indeed be short-term costs to this energy transition as utilities, which are already geared up to handle these loads, find demands on their systems reduced. I can only ask that they take a long-term perspective on this because we can no longer afford to pay the unrealistic energy costs.

As a society, we must use our energy resources in the most cost-effective manner. We are no longer in a position where we can cover our inefficiencies by selling more resources. Our resources are no longer in demand. We must learn to use our resources wisely if we are to retain a competitive edge. Basically I am asking the political parties to support Bill 118, because I know it will improve the quality of life of the consumers and the competitive edge of our industries.

My final point is the support of the hearing process. I have never spoken before a parliamentary committee, and that is because I have never had the opportunity to do so. As a result of this, I have never felt responsible for actions on my behalf by the government. Much of the alienation felt toward the political process is due to the lack of evolution in the democratic process. People are growing tired of being governed by intermittent dictatorships.

The public review of legislation should empower the government to take strong affirmative action to correct historic problems in our society. The status quo is no longer adequate in these changing times. We must have governments which can make proactive decisions based on a firm understanding of public concern. These hearings are a good start, but it is an evolutionary process and must go on. Our future and yours depends on it.

The Chair: Thank you, sir. If you will stay there, we have questions for you. Would members keep the preamble brief, because Mr Raftis needs time to answer the questions.

Mr Huget: Thank you very much, sir, for coming this evening and taking your time to go through a very well-thought-out presentation.

You mentioned early on in your statement that you thought the bill did not go far enough and there are other things we should be doing. Could you elaborate on some of those other things? You seem to be an individual who would have some interesting ideas.

Mr Raftis: One area is sort of a source of where this community-based group comes from. What we would like to do is develop a community-based society that creates a strong town, and then that town is supported by a strong government.

One of the things we would like to see happen is community-based energy development, because we have a certain consumption of energy in our area and we would like to see the money that is tied up in the machinery and in operating those devices as local as possible.

I am not sure this bill can do that. It may have to go further to allow that sort of ownership of the resource, because the problem with Ontario Hydro having its production facilities in southern Ontario or some remote area is that it does not support the community economics of a town. I think this is critical.

As I said earlier, it is done quite significantly in Europe. As an example, specifically for our area, possibly in the New Liskeard area, we could use a 40-megawatt generating facility that uses biomass, whether it is grains or waste materials. This would supply a significant amount of employment to the area. It would mean we could have our own energy source there and the dollars that travel out in Ontario Hydro bills that go down to Toronto could stay in the community and circulate more effectively. I think this would give the community a sense of control in that it would be able to supply its own needs more effectively.

Mr McGuinty: Thank you for your presentation, Mr Raftis. You made a good argument, I thought, dealing with the advantages of the fuel switching, dealing with the beleaguered consumer who simply cannot afford the upfront costs, and then you advanced the environmental argument. But what about the person who does not have access to natural gas, for instance? What are the people of Sioux Lookout, which we visited yesterday, going to say when they have to assist, through their rates, with the financing of someone who has access to natural gas to switch over to it?

Mr Raftis: Natural gas is not the only solution. I think it is one of the solutions. In rural areas, if natural gas is not the solution, okay, it is a partial solution. It is not as cost-effective.

The other thing I was doing is a quick estimate on power costs, and this gives some numbers for it. Electricity is presently costing us about 2.9 cents per thousand BTUs; the number is 2.9, comparative. Propane costs us about 2.1 cents. We did not have natural gas in the area so we did not use that as a comparison, but the fuel that came in at the cheapest was actually burning grains, which is a biomass, and this came in at .52 cents per kilowatt, one sixth of the cost of electricity. There are options around.

I think the problem we have had with hydro is that we have been focused on hydro as the solution. In fact, there are many other solutions and a number of places in the world are using other solutions, including groundwater heating from local ground heating sources or from mining sources. There are a number of options around.

If the bill were to have a long-term and effective future, I think it should have a fairly significant research component, because the more we find out about energy, the more we can use our dollars effectively.

Mr McGuinty: What do I tell the residents of Sioux Lookout? Do you think it is reasonable for me to tell them that if this bill goes ahead as is, they are going to have to—they cannot chop wood. When I was asking questions there yesterday, the propane was more expensive. I cannot believe that burning oil is somehow environmentally friendlier than using electricity, so they did not have much choice.

Mr Raftis: I have had a solar heating system for over 10 years. Northern Ontario is probably the best place in North America for solar heating. The reason for that is that we do not have big urban centres up here and we have not smogged in our atmosphere. The other reason is that it is more capital-intensive. We have a longer heating season,

which allows the system to pay off more effectively. So I get back to the same point, that there are other solutions for people up here, and at the same time they are not sitting on shelves somewhere. It takes some research, but they are quite available. It takes the initiative of a government and an organization like Ontario Hydro to bring them into place.

Right now, the economics are not in place because we favour hydro. If we did not favour it so heavily, these other options would play their part.

Mr Arnott: Thank you, Mr Raftis, for your presentation. I would like to take you to page 4. I am not familiar with the situation of what is going on in some northern European countries where local communities are involved in small-scale local generation. Can you tell me what countries, what communities, are doing this?

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Mr Raftis: I think it was Denmark that I was looking at for the specific example. Basically, they got away from this centralized power, that we should produce the power somewhere, waste half of it and move it somewhere else. They said, "We can save 30% to 40% of the power just by creating it where we need it." I think this bodes well for this bill. That will allow a lot more effective action in the cogeneration scene.

This community decided, "We have a need for 50 megawatts," so they looked around their community and allotted a section of land where they actually grew timber specifically for biomass production for this device, and it became a self-contained, sustainable development. The advantage of that is that the people who worked there, who tended the fields, who did the work to bring in the crops, were all employed there. It became their plant. As a result of that, it supported the economics of the community, it supported the strength, and I think the psychological impact of having your own energy is quite important too.

Mr Arnott: Would that sort of system be practical?

The Chair: You have to be brief, Mr Arnott, because you are using more time than the other caucuses did, and that would not be fair, would it?

Mr Arnott: Would you think that would be practical?

Mr Raftis: I think Timmins has potential for biomass. We have a huge area out in Cochrane that has the large clay belt that is underused, essentially, and has great biomass potential.

The Chair: Do you feel you have been a little unfair? That is okay. We all get a little bit unfair sometimes.

Mr Raftis, everybody on this committee has been impressed with the high level of public interest, and people have been eager to come forward and share their views and your input has been valuable. We appreciate your taking the time to reflect on it, prepare this submission and come here on what the mayor tells us is just about the coldest night of the year. We hope you do not blame that on the fact that this group of legislators is here in Timmins today, although you could if you wanted to and I would not blame you.

Interjection.

The Chair: Politicians have been blamed for a whole lot worse than that, that is right, and are responsible for a whole lot worse than that. Thank you for coming. You are welcome to stay and hear the submissions going on till around 9:20 this evening. We appreciate your comments. I trust you will be kept advised of how this bill progresses.

Mr Raftis: Thank you.

TIMISKAMING GREENS

The Chair: The next participant is Doug Fraser from Timiskaming Greens.

Mr Fraser: Good evening. Thank you for allowing me the opportunity to speak. I should start by making an apology for driving here in a separate car. I am a very good friend of Ambrose's. I did not know he was coming tonight. He started out an hour north of me, but considering that concerns about global warming are part of my interest, I feel like I kind of made an error tonight.

I am a teacher of environmental science and biology in high school and am also an active participant in the environmental community and now sit on the steering board of the Ontario Global Warming Coalition. So I have a presentation that starts out with, I think, a philosophical and ethical context upon which we made our decisions about this bill. We strongly support this bill.

I would like to say that I believe in talking in terms of reality—my students say you have to talk about reality—but surprisingly, when you enter into these kinds of discussions, you find that there are a number of different realities. I think there are three critical realities that need to be addressed or have to be recognized as being there.

One is economic reality, which we probably hear about more than any other. It is the one that is flaunted and is based on dollars and cents, the word "cents" starting with the letter "c" and not always with the letter "s," which I think is sometimes lacking. This is the realm, I feel, of most of the powerful vested-interest groups.

Then there is Ontario Hydro's reality, which I think has been somewhat sheltered from much of the world and which is based on some science that clearly has not been very good at being very accurate in its predictions.

Then there is what I would like to refer to as the primary reality. The primary reality is the reality of natural ecosystems on earth. That reality is not really up for debate; it is up for investigation. But that is the true reality within which we live. Natural systems have maxima and minima, they have many parameters and they have upper and lower limits. Whether they be oxygen level, temperature or CO₂ concentration, these are unbreachable limits. The only way those limits can be breached by life on earth is through the slow process of adaptation through evolution. Neither Ontario Hydro nor government can contribute to that, although Ontario Hydro has the possibility, I guess, through adding to the mutation rate. They have a slight opportunity to play a role there, but not a very large one.

I think it is well understood that global warming is considered the greatest potential threat, recognizing that it is weather we are talking about, and that our predictive powers are very limited. We have to realize that it is something we do not have a very good handle on and honestly

will not know about for sure until it happens. Because of the recognition within the scientific community that global warming is a serious threat, I think it behooves us to address very seriously carbon dioxide levels. I think it is also important to recognize that we are number three in jurisdictions in the world in electricity consumption, after Norway and Quebec, and among the highest and most inefficient energy users on earth, using twice as much electricity per capita as people in New York state.

For Ontario Hydro to advocate on our behalf or to suggest that we need to plan for increased electricity consumption is extremely arrogant. It is not conceivable that we should even think about that. What we have to do, of course, is to start finding ways to reduce our energy consumption.

The nice part about being in this debate is that the economic reality is now very much on side with the primary or ecological reality. I think it has been proven, and I am sure you have the documentation and more expertise in this than I do, but there is a very clear demonstration that megawatts are much cheaper to destroy than to construct.

I think we are seeing this reflected in Ontario Hydro bills. They are telling me that the nuclear plants are not working to capacity and that Darlington has cost a lot more than they thought it was going to.

All these are very expensive, and that is not even including an actual environmental cost. We have not even costed in the price of perhaps destroying the atmosphere and the implications for all of us.

When we look at the two critical areas of the bill, the fuel switching, I cannot imagine how we can allow such a massive institution, that is a public institution, that is involved in energy, not to play a leading role to the greatest degree possible in conservation. It seems absurd to prevent them from being key players, and for them not to become involved in fuel switching, which is in the greatest economic interest of consumers at large, certainly—there may be exceptions—and certainly in the best interests of the environment, to me would just be untenable.

In order to allow the government and the public to have more involvement in Ontario Hydro, I think those other amendments to the bill or those other components of the bill are positive; I have no legal experience, and I cannot judge perhaps the true significance of those. But when I get 52-watt light bulbs mailed to me and Ontario Hydro tells me that every little bit helps, I see the situation more as a ship with some rather large leaks in it. If I take a thimbleful of water and throw it overboard, that is a little bit and it helps. But in all seriousness, I do not think it is significant; I do not think it is the right kind of approach. It sends a signal somewhat like the blue box signal, that you participate in this and we are in great shape. But now, actually, as Ambrose mentioned, we are in such great shape that we have mountains of garbage they are trying to give us an economic opportunity to take advantage of.

I think anything that brings Ontario Hydro closer to both economic and ecological reality is very appropriate, and maybe an example of that would be its predictions back in the mid-1970s that it would need close to 300 nuclear reactors by the year 2010. That lack of predictabil-

ity meant to them, in an honest way, that conservation could not be significant because its predictions were so crazy that changing a few light bulbs would not have made any difference.

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I wanted to just address a few of the concerns that I know other people have had who are opposed to the bill. I just cannot imagine how financing conservation programs is going to cost me money. I think that if we were going to be truly honest, then when someone buys an electrically heated house we should tell him that he is also taking out a \$20,000 to \$50,000 mortgage on hydro facilities.

This, of course, from the numbers, depending on which chairman of Ontario Hydro you listen to, varies somewhat, but if it cost \$30,000 to build capacity for one electrically heated home in the province, then that is a cost that is going to be borne by the taxpayers of Ontario. If it is not borne fully by the person who bought that electrically heated home, then I am doing a tremendous amount of subsidizing right now, and I would rather not, and I would rather not from an environmental perspective more than any others.

I would welcome any questions you might have. I apologize for not having a brief prepared for you in advance.

The Chair: It is not necessary.

Mr Martin: I appreciate the content of your presentation. It is really interesting to listen to and it certainly speaks to some things that I suppose we should be focusing on more readily and more often as we imagine how we might deal with the question of energy as we move into the future and, indeed, as we head towards the end of this century and to a new millennium that we hope will be good for us and for our children. I would like to enter into those kinds of discussions about energy.

However, there is a fear out there in the populace that we, as politicians, have to be cognizant of as well, and I would ask you to help me a little. There are those out there who would say that if we make this move from what we have now and the capacity we have now to keep our industry going, particularly in the larger centres, we may, in fact, find that at the end of the century we will not have what it would take to keep the economy going. How do we ease the fear of those people?

Mr Fraser: You are talking about not having electrical capacity? I think if you save a watt or make a watt, you have made no difference, in that sense. Whether you need additional capacity and you get that by saving capacity elsewhere or creating new capacity, the capacity is the same. If I can save a megawatt or make a megawatt, I have a megawatt; but if I save a megawatt, I save the environment and I save money; apparently, I save a lot of money.

If I make a megawatt, it costs me a fortune, unfortunately, and it is environmentally that much more damaging, so I think until we look at the enormous amount that is there to be saved, and after we have saved 50% or more of the electricity that we are wasting now, and doing fuel switching in appropriate sectors, then I guess you can enter into the discussion of where we go from there, but I think

by the time that happens we are going to have solar technology from other jurisdictions.

Mr McGuinty: Thanks for coming out this evening, Mr Fraser. I really enjoyed your discussion of economic and environmental reality and how it appears that, fortunately, these two are merging. I have often felt there were many more opportunities to create some kind of merger there so people would understand that you can actually win at both ends.

I want to discuss something; it is not directly related to the bill, but recently I put out a householder in my riding. I had all kinds of calls from constituents and I was surprised at the number who had environmental concerns about the flyer: the weight, the paper, the colour, the print, all those kinds of things. I had actually kind of vetted this through some people who were more knowledgeable in this than I was. I discovered that people by and large are very concerned, as one might expect, about the environment, but they are not particularly well informed. There is a lot of goodwill there to be harnessed. What more can Ontario Hydro and the government do to promote energy conservation that they are not now doing?

Mr Fraser: They have to take the initiative. They have the knowledge to go in and do the energy audits and make the switches and offer the incentives. To expect the public to become enlightened—I see this as a problem in government, especially in environmental issues which unfortunately have shorter time lines than we might like, the sense that, “We’ll let a grass-roots awakening of the public drive policy.” But I think it is inappropriate, if government has the knowledge and Ontario Hydro has the knowledge and understands the implications, to not be proactive. There is lots of potential there and it just takes action. I do not think there are any unknowns.

The Chair: Mr Fraser, on behalf of the committee, I thank you, as I have others, for coming this afternoon and this evening. You obviously have a strong interest and a great deal of insight into the issues. We trust you will keep in touch with members of the respective caucuses, be they government or opposition caucuses, and your own MPP, and let people know how you feel and keep up the communication with your representatives. We thank you for coming out this evening. Have a safe trip home. Perhaps you can get yourself caught up in the slipstream from your colleague and reduce some of your fuel costs.

Mr Power: Thank you very much.

2030

SUDBURY HYDRO

The Chair: Doug Scott, who is the general manager of Sudbury Hydro, is here now. Please have a seat, sir. We have your written submission, which is an exhibit now and will form part of the record. Please speak to us. Try to leave a good chunk of time for questions and exchanges, because those are often as valuable as anything that happens here.

Mr Scott: Thank you, Mr Chairman. Good evening, ladies and gentlemen. The following presentation is made to you on behalf of Sudbury Hydro, an electrical utility

serving the city of Sudbury, the largest utility in northeastern Ontario. While the Municipal Electric Association will be making a presentation to you on behalf of the 315 municipal utilities in the province, there are three specific areas regarding Bill 118 that are of particular concern to Sudbury Hydro. It is these three items I wish to draw to your attention this evening.

The first one is provincial energy policy. In the speech from the throne in November a promise was made to set a new energy direction for Ontario. This specific promise was referred to by the minister in his remarks to this committee in Thunder Bay on Monday. “A new energy direction” was the term used.

The minister spoke of the need to control the demand for energy, and to reduce our traditional dependence on increasing the supply of energy, and of reducing the environmental impact of energy production and energy consumption. These are all good points. They are motherhood statements and we cannot fault them. Obviously, attempting to make Ontario Hydro more energy efficient is a worthy goal that we should all work towards in concert.

Bill 118, however, is not about energy. Bill 118 is an amendment to the Power Corporation Act. The Power Corporation Act is the legislation that governs Ontario Hydro. It deals specifically with the generation and the distribution of electricity, not energy. These two terms, “energy” and “electricity,” are not interchangeable. Ontario Hydro’s mandate is, and always has been, restricted to the electrical field. Ontario Hydro has no more voice in the natural gas industry, the coal industry or the oil industry than any other large user of those commodities.

To even suggest, as did the minister in Monday’s speech to you, that Ontario Hydro should consult closely with its partners—the gas utilities, the propane and oil companies and the environmental groups—demonstrates a lack of understanding of the long history of the electrical industry in Ontario and Ontario Hydro. Perhaps this partnership between the various fuel utilities and/or companies is a desirable move; I do not know.

Regardless of the direction this government wishes to take, step 1 is the establishment of a provincial energy policy, a policy that addresses and governs the use not just of electrical energy but of natural gas, propane, coal, oil, etc—all forms of energy. To attempt to address the broad issue of energy efficiency in the province through Ontario Hydro is wrong, in our opinion. To attempt to stimulate other facets of the energy picture via electricity ratepayer funding is also wrong. More about that in a minute.

What we need is a provincial energy policy that will provide direction to the various players in the energy field. Who knows, perhaps what is needed is a provincial energy utility or several localized energy utilities with mandates to handle more than one fuel. Whatever the outcome, this province needs, before anything else is done, a clear energy policy.

That brings me to our second point, fuel substitution. By now you are all sick and tired of hearing about fuel substitution. Simply put, Sudbury Hydro believes that fuel substitution should be market-driven and not artificially stimulated by government-imposed subsidies, either

funded from the cost of power via Ontario Hydro rates or from tax dollars.

Once again, in his presentation to you on Monday, the minister referred to natural gas costs for space heating as being only one third the cost of using electricity—a substantial saving. He said, "With numbers like these, I do not think there is much doubt about where consumers would stand on the question of fuel switching." We believe there is a great deal of doubt, well-founded doubt. We suggest that an equally appropriate statement would be, "With numbers like these, we don't think there's any logical reason to fund, in any form, any type of fuel substitution, as it is obvious that market forces will accomplish the same end without resorting to subsidies."

This brings me to my third point: a review of utility-serviced territories and utility mandates. This point deals with the existing relationship between Ontario Hydro, the major provincial supplier of electricity, and the 315 municipal utilities who distribute electricity within their service territories. We suggest that the time is right to review this relationship, to review the necessity, the practicality, of maintaining over 300 utilities, some of which have fewer than 200 customers, and many of which have fewer than 1,000 customers.

Customers, regardless of who serves them, expect reliable electrical power and reasonable rates. It is difficult to justify the existing system to customers, particularly in locations where adjoining service territories within the same subdivision—customers on the same street, as a matter of fact—pay a premium of, in one case, 11%, and in another instance, 5%, for their hydro, just because they were unfortunate enough to be on the expensive side of an imaginary boundary line.

Not only does the existing system cause rate disparity, but in many instances the ability to respond to a service need, to restore power during an outage, varies greatly. It is our opinion that the number of utilities and the service territories should be reviewed on a provincial basis, with the aim of reducing the number of utilities and revising the boundaries of the remaining utilities to better serve the customer.

The second part of the utility review, we suggest, should consider the mandate of utilities. In specific instance, we feel that the distribution of electricity and the distribution of natural gas could be combined, as it is in several utilities in the United States and a few here in Ontario. This would have the advantage of eliminating the present competitive stance of these two fuels and allow the utility or utilities to use each energy source where it is most suited.

We realize that this last proposal is perhaps not one voiced by many presenters. However, we believe it does have merit and, yes, we realize it would certainly alter the status quo. That is precisely the reason we put this suggestion before you.

Time is limited. Members of my commission or myself would be quite willing to discuss any or all of the preceding items with you at your convenience. I thank you for the opportunity to address you tonight. Thank you for your

time and attention and I am quite willing to answer any questions I can at this time.

The Chair: Thank you, Mr Scott. We have approximately six minutes per caucus.

Mr Jordan: Thank you, Mr Scott, for your presentation on behalf of Sudbury Hydro. Bill 118 seems to be getting many interpretations as to its purpose. What do you see as the main purpose of Bill 118?

Mr Scott: I think it has been quite a while since the Power Corporation Act was last reviewed in streamline, for lack of a better term. I guess I personally view Bill 118 as a long-overdue change or modernization of the Power Corporation Act.

The frustrating part from Sudbury Hydro's point of view is that everything we have read about Bill 118 so far interchanges the word "electricity" and "energy." They are not interchangeable. You might say I am playing with semantics; I really do not think I am. Electricity is only one facet of the energy picture.

Mr Jordan: Do you have any comments on the fuel switching subsidization?

Mr Scott: I did not put it in my presentation, but fuel switching will hit Sudbury Hydro extremely hard whether it is government subsidized, subsidized through the rates or comes through market forces. Hopefully, if it is left to market forces, it will come in over a longer period of time and we can handle it better.

To put it in perspective, we buy approximately \$60 million worth of hydro from Ontario Hydro each year. We have no large industries; we have small industries. Most of our load is residential, so I am guessing—I do not have the exact figure—but I would think I am very close when I say 75% of our load is space heating and water heating.

Fuel substitution is basically aimed at taking away 75% of my load. Am I concerned? Yes, I am. The water-heating load, for example: Water heaters make up 25% of our load. Water heaters are the only load for a utility that it can load-control. I do not want to go into great details about load control, but as a utility, like all others, we pay for the number of kilowatt-hours we use each month. We also pay a demand charge to Ontario Hydro, a very steep demand charge, for the largest 15-minute increment of power we buy in any given month. We happened to set our all-time peak last night because it was cold in Sudbury.

If we can keep our peak down, we can save a substantial amount of money. We do that by controlling our water heaters. There are only 18 utilities in the province that do this. We happen to be one of them. We do not control all 13,000 water heaters; we control about 3,000 and we are increasing the number we control each year. To put it in perspective, by shutting a water heater off for that short period of time, once a month, when we hit our peak, we can save on a yearly basis. So far last year, for example, \$475,000 was what we saved off our yearly utility peak. That equates to about 1% for our customers. We think the upper limit is probably 2% that we can save. Fuel substitution here is going to take away our ability to control our peak and eat into our basic load. So yes, we are very concerned about that.

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Mr Jordan: For the benefit of the committee, could you briefly explain a utility peak?

Mr Scott: If you think of it in terms of a fire department, every city has a fire department and most of the time firemen sit around and do very little of anything. You still pay them for doing that. You pay them to be there when there is a fire. If you look at electricity the same way, some time during the month this city, any city, is going to need quite a lot of electricity. Ontario Hydro has to be prepared to deliver that electricity at that one specific time. You only need it once a month, but it has to be there.

Last night the city of Sudbury had just slightly below 200 megawatts for a very short period of time, probably less than an hour. During the summer our peak drops off to around 120 megawatts, but each month we get billed for that one single 15-minute period where we have used the most that we have used any other time during the month. I think we pay something like \$16 a kilowatt at that particular time, \$16 and change.

Mr Huget: I want to touch briefly on a couple of points, and one is the fuel substitution issue. I wonder if in fact it is proven that there is a cost-effective reason, an environmental reason, for switching away from electrical power, and we have to deal with your problems in terms of your loads and your fixed costs. What suggestions would you have for dealing with that, assuming that nobody is going to legislate the use of natural gas but market forces may very well accomplish that issue anyway?

Mr Scott: I am glad you asked the question.

Mr Huget: I thought you would be.

Mr Scott: One of the comments made earlier this afternoon when I was sitting here dealt with Ontario Hydro. Its employees, if I read this statement right, were not allowed to talk to anybody and to advise anybody to go to gas or to go to anything else.

I worked for Ontario Hydro for 18 years. I ran a marketing department for a southern utility for four and a half years. I am general manager of a utility now. Never in all my 26 years of working in the electrical industry has anybody ever told me I could not give a customer good advice—not once. We have mission statements at Sudbury Hydro. One of them is, "Treat a customer the way you would expect to be treated."

One of the first questions our energy management staff asks somebody is: "What are you interested in? Are you interested in air-conditioning?" If they are not interested in air-conditioning, we advise them to go to a high-efficiency gas furnace. If they want air-conditioning, we say, "We suggest you look at the price of air-conditioning and a high-efficiency gas furnace or a heat pump. They both do the same thing."

So I do not see where legislation is needed to tell utilities or Ontario Hydro how to look after their customers. We have been doing it for years. There are a lot of customers out there who come to us, appreciate our service and are quite happy when we point them towards a ground-source heat pump or an air-to-air heat pump, whatever is more practical. Those, by the way, do not use gas,

but they do cut down the electrical demand. There are all sorts of ways out there that the electrical load can be lowered without pushing everybody to the gas company.

Mr Huget: I was not suggesting that we were pushing everybody to the gas company. What I was trying to get at is that some of those issues about when we substitute fuels away from electric power—you and many others who share your occupation have mentioned the load reduction issue and the fixed-costs issue. What I was looking for was some constructive suggestions about how we deal with that.

Mr Scott: One of the reasons we mentioned looking at the boundaries is that we have an infrastructure in place and we have employees in place. I have a different set of objectives than you gentlemen. I have 130 employees whom I want to keep employed somehow. As perhaps one of the easier ways to do it, if fuel substitution is going to cut into the load as we know it now, it would make sense to me to expand our service territory. Our service territory could be expanded in an equitable manner so that we service surrounding areas; we still keep people employed and the utility is still a viable one. Obviously if fuel substitution takes off and our boundaries stay the way they are, we cannot afford to lose 50% of our income and keep people employed. That is just not practical.

Mr Huget: You mentioned on the last page, "the utility or utilities to use each energy source where it was most suited." Could you elaborate on that, that controversial recommendation you said no one else was going to bring up?

Mr Scott: Has anybody else mentioned to this committee that a utility could handle both electricity and gas? I was first presented with this at the public service electric and gas company in Newark, New Jersey, when I was down there looking after them. I said: "Isn't this great? We wouldn't have to keep running ads saying, 'Go electric. Don't go gas,'" because they ran both. I asked them how it worked. They said: "In some parts of our service territory we already have gas lines; in other parts we don't. So where we don't have gas lines, people go electric; where we do have gas lines, they go gas." It has the best of both worlds. They are not competing against each other all the time. It is something to think about.

Mr Klopp: Everybody in Sudbury probably has electricity in the house, right?

Mr Scott: Not everybody.

Mr Klopp: Pretty well. We talk about alternative energy sources, and I know we get talking about electric heat versus propane heat. So be it, it is a favourite discussion. It goes back to what happens if tomorrow morning somebody discovers a solar machine that still produces electricity. Your workers would be, in my sense, following that job along. It might be called a different job, but it is still a job. It is just something to point out because it seems we always talk about the furnace versus the space heater. I just wanted to bring that up. We are talking about all kinds of energy sources. We want to have jobs. You talked about the fire department. I think it is cheaper to leave them around. We need them when we need them. I just wanted to bring that out.

Mr Conway: Thank you very much, Mr Scott. I very much enjoyed your presentation. I have a couple of questions. I want to take issue, however, with a statement you make on page 2, I think it is. I would hardly disabuse you of this notion that Bill 118, as you say, is not about energy but about electricity.

From my perspective I would certainly encourage you to rethink this, because it seems to me this bill is very much about energy and a very significant new energy departure for Ontario. I would cite as my support for that the section of the bill which removes the previous impediment whereby Ontario Hydro was not allowed to become involved in fuel substitution other than that which was electrical.

I would also recommend to your attention today's statement by the CEO of Ontario Hydro. We had an opportunity earlier today to chat briefly about this, but if you have not, I would suggest that before the week is over you will want to read this document very significantly, because within weeks the new chairman of Ontario Hydro has discovered thousands of megawatts of demand management that are going to be available to the provincial utility by virtue of that kind of demand management that is going to tend in the direction of fuel substitution—not tens, not hundreds, but thousands of megawatts.

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This committee can hardly wait to get the chief executive officer of Ontario Hydro to come before us to better understand how, within the course of a few weeks or a few months, those targets have risen exponentially. I am sure that is the case, but I want to tell you that you as the general manager of Sudbury Hydro will want to follow this very carefully, because I suspect the chairman's new direction of today, different as it is from the honourable minister's several utterances this past fall and previous summer, is going to make plain that Bill 118 is very much about energy, about that kind of fuel substitution that is going to move the entire energy focus away from electricity and on to some other sources. You may not wish to agree with that, but it is certainly something I would want to leave you with tonight.

Specifically, I was interested in what you said about utility boundaries and mandates. The committee is going to Kingston. I think Kingston is one of the few places where in fact both services are provided by the PUC there. I think that is a very interesting notion and certainly one we would want to look at.

I was struck as well by a comment made at the top of page 6—I think I know the answer, but I would like you to confirm it for me—where you are talking about boundary lines and where, as a matter of boundary, the premium in one case is 11% and in other cases 5%. It is simply a matter of where you stand in relation to the line. Is that simply between an urban and an rural rate?

Mr Scott: The 11% is between an urban and a rural rate. The 5% is between a utility rate and another utility rate. In both instances, unless you knew where the dividing line was, you would assume you were in Sudbury.

Mr Conway: Just as a follow-up to that, I am trying to understand the kind of mandate you have for your ex-

panded boundaries. I am always interested in general managers who want to expand their boundaries and their mandate, because I know the public interest is always foremost in their minds, so tell me again what public good is going to be served by this, because I think our friend the chairman has news for you. If he is successful in this ambitious new plan the minister may or may not know about, you are going to find you will lose some of your traditional load, I would guess. How are you going to replace this by expanding your mandate?

Mr Scott: We will talk about Sudbury in general. Sudbury is a fairly large utility. We have some very small utilities surrounding us, small to the point where—without naming it—one has one employee and five commissioners and no outside staff to do any work whatsoever. When the power goes off, the answering service phones us to see if we have a crew available or they phone Ontario Hydro or they phone someone else. So we have a utility with absolutely no staff, but rates that are higher than ours. That does not make a lot of sense to me. We also have a rural area adjoining us.

I understand that Ontario Hydro is always under the gun for having such a large staff. I am sure they would like to get rid of it and I am sure they would like to get rid of a great deal of the rural area. I do not want to just pick the cream and leave the other stuff, but it makes sense to look at an area such as Sudbury that has boundaries that do not really make a great deal of sense, not just for Hydro but for municipal governments too. For example, you cannot tell when you leave Sudbury and enter the town of Garson. There is no field between them. It is a subdivision. That makes no sense.

Mr Conway: One of the most exciting parts of the new government's energy policy has to do with perhaps replacing you very expensive people, whether you are Sudbury Hydro or still that provincial utility. A number of my friends from the grass-roots movement would say that really a key to this is just shucking all this high-cost help that comes in the name of Ontario Hydro. I do not mean to offend the sensibilities of my friend from Lanark-Renfrew, but I was surprised to be told the other day in Thunder Bay that their rates were higher than Ontario Hydro, so why not simply look at scoping down both your mandate and Ontario Hydro's mandate and returning this back to the people so we do not have these \$60,000 high-priced help to help us with light bulb replacements?

Mr Scott: Go ahead. That is what I am suggesting, or that is what we are suggesting. Go ahead and look at it. Come out with something that makes sense.

Mr Conway: Do you want to make a comment? I noticed this afternoon you were agitated—not agitated, but you were anxious to take me up on Espanola.

Mr Scott: No, I was not. We talked to you afterwards.

Mr Conway: Just for the record, do you want to tell me what I should know about the Espanola proposal?

Mr Scott: I suggest you go to Espanola and find out for yourself, but I suggest you talk to both sides of the fence. The people in electrically heated homes are delighted. They have new siding, new insulation, new windows, new

everything; you name it. Then talk to the people in the gas-heated houses and see how thrilled they are. That is all.

The Chair: Thank you for taking the time to travel here from Sudbury. Your comments have obviously been provocative and I hope inspiring—yes, they have been inspiring; I am confident of that. I appreciate your coming here tonight to do this, and I hope that you will keep in touch. Thank you, sir.

JAN VANDERMEER

The Chair: Mr Vandermeer, please have a seat. If there is any explanation about yourself as to where you are from, what your background is, please let us know, and then proceed to tell us what you will and give us some time to ask you some questions.

Mr Vandermeer: It is reasonably brief, and I will launch in. Thank you for the opportunity to address you. I live here in Timmins, and I heat my house, at least to date, exclusively with electric baseboards. We moved up here from southern Ontario about three years ago, and I was quite frankly not fully prepared for the cost of heating electrically. So when I heard there would be an opportunity to present my views on the proposed amendments to the Power Corporation Act, I leaped at the chance.

As an environmentally aware consumer, I have regretted our decision to purchase an electrically heated house. There are economic costs associated with virtually all of man's activities. We have a responsibility to reduce these costs as much as reasonably possible, and if we can achieve a lower environmental cost and at the same time reduce the impact on my pocketbook, I am all for this proposal.

In this short presentation I will not address proposed amendments concerning the additional board members, but would like to comment on regulatory control of Ontario Hydro. I would like to see the Ontario Energy Board assume binding regulatory control over Hydro's rates and rate structure, including the buyback rates. In addition, I would like to see the energy board have binding control over proposals to expand the system and also of the utility's borrowing practices.

By far the most exciting aspect of these proposed amendments to the Power Corporation Act is that enabling fuel switching. By this, I understand switching from electricity for space heating to a source that allows greater energy conservation and that would be more environmentally benign.

Both these points are important. As Canadians, we are especially wasteful of our resources. Conservation methods are needed to marshal what must be accepted as a finite supply. It seems to me that people who pioneered in this province would disapprove of our profligate squandering of resources. For some, the answer seems obvious; they would encourage more nuclear reactors and hydro projects on the scale of James Bay II. I am not in favour of these options because it is a dislocation of responsibility. In the nuclear option, we transfer the environmental problem attendant on this fuel to future generations. In hydro-electric megaprojects, the problem is transferred to areas

remote from the user of the energy resource. Those who bear the brunt of the impact typically cannot speak for themselves. Future generations cannot yet speak, and the land, plants and animals in remote locations have, to date, only the voice of the aboriginal peoples.

For me, the key point being proposed in this bill is fuel switching and the important shift in emphasis that actually recognizes energy conservation as a viable alternative to continued consumption and growth. We must reduce our impact on the environment if we are to have a continued chance at survival.

Mr Wood: I would like to thank you very much for coming forward and making your presentation. As you were making your presentation, you seemed shocked at the cost of baseboard heating. I am sure on a night like tonight you can see the little dog running around in the meter.

Mr Vandermeer: I do not even go out and look.

Mr Wood: You are saying that the proposal for switching to other types of energy for heating homes would be ideal?

Mr Vandermeer: I would welcome the chance, yes.

Mr Wood: I would like to say thank you again for coming forward. It takes courage to come forward and get your views out and on record, and I am pleased you did.

Mr Klopp: I can understand very much why you would tend to promote the part of this bill that says it is going to help switch off electric energy. But one of the problems we went into 25 years ago, 10 years ago maybe, is that oil was very expensive. So people said, "Let's switch to electrical because it is cheaper." There are other parts of this bill that say let's look at the total package. Are you in favour of those kinds of things, too, in this bill?

Mr Vandermeer: I am not aware enough or informed enough to make exclusions. I worry about nuclear because of, as I have mentioned, this dislocation of responsibility. I do not think we have fully come to an awareness of what the responsibilities for nuclear wastes are. I think other options would be worth exploring.

Mr Klopp: Okay, fair enough. Thank you.

Mr Martin: I am really pleased you came forward, for the very fact that you are a consumer and obviously not speaking for some other interest and you are not a professional in the field. You speak of the part of the bill that will allow Ontario Hydro to get into the business of converting to other sources of energy. Some of the criticism that has been levelled at that particular initiative is the cost that may be incurred by Ontario Hydro. As a consumer and a taxpayer, how do you feel about that?

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Mr Vandermeer: One of the proposals I have heard is somehow amortizing the cost into some part of the rate structure so that I end up paying for it but I do not notice it quite as badly and I eventually end up paying less; that sort of thing. Most of us do not have all that much money to come and go on these days. If that sort of subsidy were there and then as time went on the switch gradually was paid for and my rates would then be reduced, it would be a possibility I would entertain.

Mr McGuinty: Thank you, Mr Vandermeer, for appearing tonight. I want to add my thanks to those that have been extended already, particularly because you are a member of what I call the silent majority. We often do not hear from people unless they are associated with groups, not that there is anything wrong with that in itself, but it is nice to hear from somebody out there on his or her own.

Something that is at issue here, in my mind, is whether fuel substitution will constitute a cost saving to somebody who cannot switch to natural gas, for instance, or who cannot switch to another fuel. Again, I will use the example of somebody in Sioux Lookout, if they cannot switch to something else. Hydro tells me its rates are going to go down if that couple helps to subsidize you to switch to another form of fuel. I want you to go along with me on this one.

Let's assume that does not prove to be the case—Hydro has been proven to be wrong in the past—and the promotion of fuel substitution does result in increased rates for those who remain on electricity for the purpose of space heating. Do you think it would be fair for you to switch because you have the opportunity, only to result in other people's rates going up?

Mr Vandermeer: It is a difficult question to answer. I tried to bring out the point here that I think conservation is an important point. Real costs are real costs. Let's say this house in Sioux Lookout is inefficiently insulated. I think there should be some sort of incentive given to that person perhaps not to switch but to insulate his home more adequately, and if need be, continue using electricity to heat. I do not think we have any blanket solutions to these sorts of problems. I am not aware of the situation in Sioux Lookout by any means; I have never been there. I know that if I had had my eyes opened three years ago when we bought our house, I would have bought a gas house rather than an electrically heated house.

Mr McGuinty: I will give you another example now. What about someone who is financially well off and sees this big freebie coming down the pipe? Bill 118 is going to enable him or her to switch from electricity to gas and receive some kind of subsidy. I am that person; I am going to wait for that bill to become law. What about that case?

Mr Vandermeer: It is kind of similar to old age pensions, is it not, where somebody has socked away money in RRSPs for years and years and has plenty to come and go on but is still getting an old age pension, and there is the clawback amendment, which a lot of these people are fighting. I think there is an analogy there.

I would like to see it perhaps prorated on income, or something like that. You run into a lot of combinations and permutations. I am not competent to say what is the best way of doing it, but obviously I would rather not see someone who is affluent and can pay for a switch himself getting money to do it.

Mr Conway: Do you live in the city of Timmins?

Mr Vandermeer: I do.

Mr Conway: Do you mind my asking where you work?

Mr Vandermeer: I am at home taking care of my daughter.

Mr Conway: The reason I asked is that earlier this evening the chief magistrate, Mayor Power, was here. He told us something that I thought was interesting. I quote from page 2 of his brief: "Sixty-four per cent of all hydro used from North Bay to Hearst is used by six large employers. Four of these are located in the city of Timmins." That is a very healthy electrical appetite by any standard. I know why. Timmins is one of the legendary mining camps in the world. We know mining and metallurgical operations are very energy-intensive.

My question to you is somewhat hypothetical. Having regard to what you said, and I think you made some very good arguments, what would your advice be to me if I were a hydro board member or on the energy board? You have some very ambitious plans for the energy board. I think if your plans were to be fulfilled, my job on the hydro board would be substantially redundant. If I were the provincial Treasurer and Minister of Energy, I would be relieved of a lot of burdens and obligations as well.

Setting that aside and thinking of the Timmins mining camp, what would you recommend? If we were to get another Texas Gulf discovery, as we had here 30 years ago, that produced an enormous degree of economic growth and expansion in the Timmins mining camp and occasioned a very substantial increase in electrical requirement, what would your advice be to me as a member of the hydro board as to how I could responsibly meet that demand locally or regionally, a very significant demand targeted at a very electrically intensive resource industry for which this community is famous and employing thousands of people?

Mr Vandermeer: It is a very difficult question. Places like Timmins which are dependent on the mining industry—there are constantly rumours floating around that the Kidd Creek development has a lifespan of only 10 to 15 more years and where is Timmins going? We have the past mayor, Dennis Welin, and the present mayor, Vic Power, actively promoting Timmins as a regional centre to anticipate and buffer the impact of, let's say, the possibility of Kidd Creek closing down. It employs, I believe, 1,300 people and is energy-intensive.

Mr Conway: I am very happy to be back in Timmins. As it happens, we are in a community which I suspect has, on a per capita basis, one of the most significant electrical appetites in the country for a lot of very good and obvious reasons. With a view to employment and economic activity, what do responsible people sitting on hydro boards, on local commissions or in the Legislative Assembly of Ontario do to ensure that, particularly in these northern resource communities—we had the mayor of Hearst in here as well today speaking to some of the pressures from the forest industry up in those communities. How do we responsibly provide for what is a very significant electrical requirement in those communities, which populate northern Ontario to a greater extent than perhaps any other part of the province?

Mr Vandermeer: First of all, there is conservation. It does not remove any energy from the system. In fact, it

would leave some for, let's say, Kidd Creek—I use Kidd Creek as an example—if we had the development of a sudden discovery of another site the size of Kidd Creek here in Timmins. Obviously 25 years ago, when that site was found, there were no major hydro lines to this area. The electrical industry in Timmins and the Kidd Creek development have grown in tandem. I would guess, depending on demands for those sorts of things, there has been a lot of substitution of other—

Mr Conway: But you have to put juice in the line and my question remains. Where does that juice come from? How do you generate it? Conservation is wonderful. I think we all endorse it, but if one anticipates, particularly in this economy generally and in much of the northern economy—our friend from Sault Ste Marie was making a very good point earlier this afternoon about the cogeneration plant over at Sault Ste Marie, which I can well understand as being attractive. If these communities are to survive, if they are to grow, to a significant extent they are going to depend upon a reliable supply of electrical energy. Conservation will only take you so far.

I do not want to flog a dead horse, but I will tell you, I think I know why Hydro had to expand in the 1960s. It was because of places like Timmins. Texas Gulf was an enormous boom. If we had not had the juice to supply to Texas Gulf, there would not have been the expansion that took place. That is the concern I think in terms of economic development for these communities.

Mr Vandermeer: I think it is a valid concern and I certainly would not suggest shutting down a lot of things and not trying to meet the growth in demand. But if for the time being, perhaps as a stopgap measure, conservation can marshal some electrical resources for at least a short term in the future, I think that is worthy thing to do.

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Mr Jordan: Thank you for presentation as a citizen and someone interested in the future of not only Hydro but the environment.

A point of clarification for your own benefit: I believe you indicated you had a baseboard heating system, so if Bill 118 is already giving Hydro the authority to finance fuel switches just be warned that you are not in an ideal position to accept it. You need duct work and that.

Mr Vandermeer: Yes, I recognize that. I do have an unfinished basement to date.

The Chair: Mr Vandermeer, you have been taken well beyond the focus of your original presentation. Your responses have been very creative and insightful. It is a valuable bit of input. I often criticize the \$1,000-a-day consultants that governments, all of them, are inclined to hire. I insist that people like you and other people this committee meets as it travels about the province are as capable, as often as not more capable, than those same \$1,000-a-day people.

I appreciate that type of input. I hope you keep in touch with your local MPP or other members of this committee. I am hoping, your name and address now being recorded, the clerk and the appropriate people will keep you advised of the progress of the bill.

ORGANIZATION

The Chair: There are two other groups and persons scheduled to make comments. They are not here yet. We are not that far beyond their scheduled time that it is impossible for them to appear. There is a matter that Mr McGuinty wanted to deal with. Do you want to deal with it now or do you want to defer that?

Mr McGuinty: No, I might as well take advantage of the opportunity to deal with it now. I want to come back to an issue I raised earlier today. You will recall, as will other members of our committee, that in the course of a presentation made by Mr Murray from the Cochrane Public Utilities Commission, he made reference to certain statements made by Mr Eliesen to the effect that fuel substitution or some type of program was already in place and operative.

We do not have to rely on that, although it is interesting. I guess technically it is hearsay. There are other materials before us which I would like to call to the committee's attention once again, because I think it is very important that we address this and determine what the best course of action is.

I have, first of all, in my hand media background Qs-and-As which were released by the minister's staff a couple of days ago when he appeared before this committee. In answer to one of the questions posed on page 2, it says: "When the government introduced Bill 118, there was commitment made to listen closely to what was said during the legislative process and to be responsive where appropriate. The government did listen and continues to listen." Evidently, the minister was intent on obtaining, to all appearances, the input of people from across the province. Hence the *raison d'être* of our committee and its tour.

However, today the members of this committee received a statement from the chairman of the board of directors of Ontario Hydro, Mr Eliesen, together with a booklet entitled Update 1992: Ontario Hydro's Plan to Serve Customers' Electricity Needs: Providing the Balance of Power. I note that in Mr Eliesen's statement he indicates in a paragraph about three quarters of the way down on the front page, "However, more opportunities will come from higher efficiency standards from government and changes in law that will allow Hydro to promote alternative forms of energy where the customer can benefit and where electricity is not the most appropriate form of energy."

I also want to indicate, on page 11 of the book that I earlier referred to, it says, "In addition, new legislation will provide the opportunity to promote alternative fuels in applications where electricity is not the most appropriate energy and where there are benefits to the customer and to Hydro."

The Chair: Excuse me. Can you be specific? Where is that on—

Mr McGuinty: Page 11, bottom of the first column.

I can add as well that in a briefing received today by my leader, together with a couple of my Liberal colleagues, in response to a question regarding the amount of projected energy savings that will result from fuel substitution, the response from the representative of Hydro was that we would save 3,600 megawatts. That 3,600 megawatts

forms part of the 9,900 megawatts which Hydro is now projecting we will save and which forms the basis for its very substantive revision to its demand-supply plan, which outlines a proposal for meeting demand and supply of electricity for the next 25 years.

My concern is that it may very well be that this committee will conclude at the end of its meetings with members of the public—and I am certain no one here is prepared to argue that it is not open to this committee to conclude—that fuel substitution is not a good thing. However, I think it is made perfectly clear, through the statement made by Mr Eliesen and in the wording contained in Update 1992, that Hydro has concluded already—has jumped the gun, so to speak—and determined that fuel substitution will go ahead, notwithstanding the findings of this committee. I am very concerned about the inference we have to draw from that, and that is Hydro's disregard for the work of this committee and for the opinions that could be provided to us by members of the public.

I am going to urge this committee—if you require a motion, Mr Chair, then I can put it in that form—to request that Mr Eliesen appear before us—he can do that some time next week in Toronto—so that he can provide us with some kind of response to the actions taken by him and Hydro indicating that fuel substitution will proceed, apparently notwithstanding the findings of this committee.

The Chair: You have not yet made the motion—and I am not stating that you are disentitled to do that. Before you reach that stage, because there may be things that people want to say about the appropriateness of a motion right here and now with respect to this matter—you have raised the issue. Are there other people who want to speak to the matter Mr McGuinty raises?

Mr Huget: Yes.

The Chair: Recognizing that he has not made a motion yet and is entitled to do so whenever he wishes.

Mr Huget: First of all, you raised some interesting scenarios. I think what is said in that booklet is very general in terms of what is expected to be the public mood regarding fuel substitution, that there will be a demand for fuel substitution. I find it difficult to believe that anyone would proceed in a direction without regard to this committee. To me, that is an unfounded allegation. I do not see where it is relevant.

I am not so sure that making that motion here is appropriate either, to tell you the truth. I think it is a just a little presumptuous and is probably at a difficult time to deal with that kind of motion.

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Mr Conway: I am glad my friend from Ottawa South has raised this issue, because I was going to raise the question myself at some point in the next day or so. I had just assumed this committee would, at some point in the deliberation, want to summon the chairman and chief executive officer of Hydro. I had assumed a block of two or three hours would be set aside for that encounter. There is absolutely no question in my mind that Mr Eliesen has had a tremendous amount to do with the drafting and with the moving forward of Bill 118. He is himself materially in-

involved in some sections. I want to talk about some specific sections in the bill that materially relate to him, his employment contract and related matters. We already have an amendment, I gather, which is going to touch upon that, which amendment has been raised by the minister himself.

I have a very high degree of scepticism. I am not as innocent as my friend the member for Ottawa South at all. I suspect that as we speak the executive offices of this government are abuzz with the latest blindsiding of the chairman and chief executive officer. This is a dramatically altered document and I think any committee worth its salt and worth \$78 of tax-free money per day would want to ask some questions around the architect of this policy. This policy today relates directly to the bill before us.

As I say, I am not at all sanguine. Poor Willy is someplace between here and Kitchener hearing about it, I am sure, for the first time. As I say, I am sure that people in the executive offices of the government generally are hearing about it for the first time. Unlike my friend the member for Ottawa South I expect that the bill and the policy that informs it are going to contain significant fuel substitution. That could not be more clear to me. I am going to fight and I am going to continue to fight around the question of who pays. That is my primary concern. That we have a very energetic, highly idiosyncratic chairman does not surprise me.

The Chair: At Ontario Hydro.

Mr Conway: At Ontario Hydro. But this incident my friend the member for Ottawa South raises brings me to another point where I would, of course, want the CEO and chairman here, because as my friend the member for Sarnia has said, as the now minister, the member for Kitchener, has said, as his predecessor the member for Peterborough observed, Bill 118 is first and foremost about openness and accountability. I find it remarkable, fetching, heartwarming, that as we travel in the subarctic cold of northern Ontario for the first week of our deliberations, the chairman would grace us by announcing in another place a dramatically altered demand-supply plan that touches upon the very work in which we are now engaged.

So I cannot imagine there is anyone in the government or anywhere else, which is so committed to openness and accountability, who would not want the architects and in some ways the beneficiary of this Bill 118 to come before us and explain not just what my friend the member for Ottawa South is interested in exploring, but that whole host of other policies he has authored and that in some very particular personal ways he benefits from. I am just assuming that at some point soon we will be favoured with a block of at least three hours when the eight or nine of us can cross-examine our friend the chairman and CEO, if for no other reason than in the interests of openness and accountability, because I know who is running Hydro today: Of course it is the people and their members of the Legislature, not some appointed CEO and chairman.

The Chair: Mr Klopp, do you want to talk to this?

Mr Klopp: Yes. The wording in this paper—I turned to page 12 and it says, "The proposed changes would

allow Hydro to promote..." I guess my point is you can take words out of whatever.

I have got a lot out of the week I have been in this so far. Tonight, to hear the idea of amalgamating PUCs, to make them more efficient and to actually tie them into other energy sources I find quite interesting. In the year I have been involved in government and in the standing committee on resources development, we have been accused—or I used to accuse government—of moving so slowly on so many issues. I have found that sometimes the legislative process needs to take hearings, and other times other parts of the train are moving. I guess maybe tonight we are almost saying that part of the train is moving a little faster than it should and the standing committee on resources development is up here listening and it should maybe be down with the minister and the CEO.

It is an interesting point, but I think it says in here their idea is based on some assumptions and some proposed ideas. I think we are learning here. I do not think it is time to close up shop and to say your time is wasted or my time is wasted. Heaven knows we have done a lot of sitting for many years and I think we are getting something out of this, so I do not think there is a need to insult my intelligence by saying we are not part of this process or you are not part of this process.

Mr Martin: I just wanted to make a couple of comments in light of what has happened here. Maybe somebody can correct me if I am wrong, but it seems to me that we were elected as a majority government September 6, 1990 and, as such, have a program that we proposed to introduce. We develop legislation and then we take it out on the road.

I have been on the road a couple of times now, and in every instance the bill we took out on the road survived the ordeal. There were many amendments and changes to various sections of the bill so that it might reflect most adequately the concerns and the good suggestions we got from folks, but nevertheless the spirit of the bill went ahead and I would suggest that was probably the case with the previous government when it had a majority. I do not know how many of the bills you took on the road were dropped or did not go through the House.

So you would anticipate that those who work in the very important field of setting the goals of a facility or an operation that is so important to the industrial future of our province would be continually putting out materials to let the province know where we were going. It seems to me in this particular booklet we have early in the new year, as is the wont of many organizations, they are sharing with the province what is happening, what their hopes and dreams are and in fact reflecting to some degree the direction this government wants to proceed in; and to put forth what they see as their new demand-supply plan would be no different from a company perhaps laying out its newly adjusted business plan.

Whereas it would probably be enlightening and interesting to have Mr Eliesen appear before this committee—I do not think any of us would not have a few questions to ask of him that would create some probably enriching dialogue—to suggest that the launching of this kind of

material today is in any way different from what happens in so many other ways as government proceeds or as businesses proceed, and at the same time as committees are looking at what we might do differently or the same, creates the kind of dilemma that was presented by the member for Ottawa South.

The Chair: We are going to go to Mr McGuinty in just a moment. I am sure the committee will recall having approved the schedule which has us this week travelling, among other places, to Timmins; next week, the week of January 20, in Toronto; the subsequent week, the week of January 27, in Kingston, Chatham, Guelph, St Catharines. Then a few weeks later, Monday, February 17, we are in Toronto: 2 pm, the Minister of Energy and 2:30 pm, Ontario Hydro. The schedule as it exists now does not specify who from Ontario Hydro. I do not know whether you want to ask the parliamentary assistant whether he anticipates the chair from Hydro coming or how you would prefer to deal with that.

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Mr McGuinty: I would like to make a specific request that Mr Eliesen himself appear. That is one issue. I guess the second one is, how much time do we have allotted for Ontario Hydro?

The Chair: The schedule is Monday, February 17, 2 pm, Minister of Energy, 2:30 pm, Ontario Hydro.

Mr Klopp: Excuse me. Is there not a subcommittee that does all this great, wonderful stuff? Can the subcommittee not take care of this and decide who is coming for Ontario Hydro or whatever? I do not understand why they did not do this or why they do not do it.

The Chair: The subcommittee can, but that revision to the schedule or that sort of amendment or more specific direction would undoubtedly come back to the committee anyway.

Mr Conway: If I might say again, in my own case, even setting aside the particular interest of the member for Ottawa South, I cannot conceive that this committee could proceed to deliberating this bill, given the nature of Bill 118, without having the chairman and CEO, who is materially involved by virtue of the bill and its amendments.

Mr Klopp: I certainly—

The Chair: One moment, Mr Klopp. We are going to get back to Mr McGuinty, but Mr Jordan has something undoubtedly important he wants to add.

Mr Jordan: I think the issue is more important than something that can be left until February 17. My personal view is that in light of the comments from the Cochrane utility—I quote Mr Eliesen: "For our size utility, we have the most ambitious demand management program in North America, which now includes new measures on fuel substitution. We are now measuring our progress in this area since the program began"—the gentleman who came down and presented it was quite concerned, because the MEA had been promised to be consulted before anything like this would happen.

My personal view is that when we are in Toronto following this week, if possible we should have the chairman

come before us and explain this one item. He does not have to get into the whole bill but explain this one section before we go on the road the following week. That is my personal view.

Mr Klopp: My point is that I do not know whether the subcommittee was asleep at the switch when it was putting all this list of people together and it did not say Ontario Hydro—of course we assume the chairman would be right in there. I assumed that is what would be there. I have nothing against that; I just wanted to point that out for the record.

The Chair: Mr Wood is going to be entitled to speak, but I suspect, in response to that particular comment—

Mr Conway: Yes. I just want to make the point—again, I am trying to keep myself focused in on Bill 118. I just assumed all along that we would have the chairman at some point to talk about his involvement. I cannot imagine completing this process without that. My friend from Ottawa and the member for Lanark-Renfrew have raised a very important point, as did the gentleman from Cochrane, that leads me to the following observation: Section 10 of the bill says that this act, save and except subsections 1(2), (3) and (4), comes into force on the day the bill receives royal assent. Interestingly, those parts of the bill that are retroactive are the ones that deal with the role of the CEO himself.

What we have heard today is testimony from the Cochrane PUC, which has excited the interest of my friend from Ottawa and the member for Lanark-Renfrew, which very much leaves the impression that section 4 of the bill, dealing with fuel substitution, has in fact come into effect before the bill has completed this stage of the process. That is an issue, I think, that—

Mr Klopp: You are splitting hairs.

Mr Conway: I am not splitting hairs. This, my friend, would be considered—I am not saying it is, but if what the member from Ottawa has pointed out and, more important, what the fellow from Cochrane has pointed out is true, there may very well be a contempt of the Legislature here. Knowing the chairman of Ontario Hydro, I would not be surprised to find one, but I am not going to prejudge that. I am simply telling you that the gentleman from Cochrane made the point that as far as he can determine, and as he has been told by the chairman himself in correspondence, some of which is now before us, the fuel substitution program is in place and under way, and according to the bill before us, that is not allowed until this bill is passed and receives royal assent.

The one part of the bill that is retroactive, and it is quite clearly stated, has to do with the function of the chairman and CEO. So, again, I think the member from Ottawa in response to the Cochrane delegation has an extremely valid point, not just in terms of substance but procedurally as well.

The Chair: Mr Arnott, are you responding to Mr Klopp's brief comments, the way Mr Conway did? Okay.

Mr Arnott: As the Conservative member of the subcommittee, I would just like to say—unfortunately the government member of the subcommittee is not present at the moment, but it was my recollection that the chairman of Hydro was going to be presenting on Tuesday after-

noon, and I am certainly looking forward to that. I do think that what has been said this evening is very dramatic, very, very serious, and in the interests of good public policy the chairman has a good deal of explaining to do on Tuesday with respect to what we have heard from Cochrane today.

The Chair: Thank you. Mr Wood.

Mr Wood: In all fairness, I have no problem with the CEO coming forward to the committee at some point in time, but we have to recognize that during 1990 there was a campaign launched and part of the campaign was that nuclear power was not the future for the province of Ontario and that eventually there would be a moratorium put on any future nuclear power. Basically, comments were made, "Okay, the construction that is under way at this point in time will be completed, but there will be a moratorium on it and it is cheaper to conserve kilowatts than it is to produce them," and ways and means were going to be found to conserve energy and other ways and means of producing it.

There have been all kinds of statements, news releases that have come out since September 6, 1990, by the former Energy minister, by the new Energy minister, and Ontario Hydro and the Ministry of Energy are not expected to sit still while we are out debating and getting feedback from the public on any amendments that might be required before Bill 118 becomes law. Nothing is going to sit still as far as I am concerned.

The PUC member from Cochrane who made the presentation today is referring to comments made back on October 3 at a meeting in Kapuskasing, and I think this has been the direction in which the government members in the Legislature have been trying to push Hydro for quite a number of months now, and the process is continuing on that scale. I do not see anything wrong with booklets of this kind that have come out to say this is what the—

Mr Jordan: Just the fact that there is no bill—

Interjections.

Mr Wood: But this has been the direction, since the campaign in 1990 when the government was elected, that the government has taken, and it is proceeding along that line. It is to conserve and find ways of producing energy other than nuclear power—

The Chair: One moment. The most unfair thing in the world, if we are going to talk about fairness, is to the Hansard people who have to decipher two people who talk at the same time; those people are not paid well enough to be required to do that.

Mr Wood, finish up if you will.

Mr Wood: Those were my comments. I wanted to point out here again and for the record that this has been the direction. The government that was elected on September 6 is heading in a different direction from the governments that operated in the province from 1980 to 1990. From September 6, 1990 we have headed in a different direction and we have managed, through news releases and dialogue and through public hearings of this kind, to encourage Ontario Hydro to head in another direction from that which the two previous governments had directed it to head in.

The Chair: Mr Conway wants to respond briefly to Mr Wood, and then Mr Huget wants to raise a matter.

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Mr Conway: I want to again summarize something, I hope quietly and directly. I appreciate what my friend the member for Cochrane North has just said and I listened carefully to what the member for Sault Ste Marie said, but I want to just take you back to what your government has undertaken.

I have no quarrel with the right of the government to do the things you both refer to, but there is something called due process. I mention it because the highlight of the policy—I well remember the day Ms Carter read the statement on June 5, 1991, that the Hydro policy of this government was going to be highlighted by an attitude of openness and accountability, that the people's interest, through this Legislative Assembly, was going to mean something and it was going to mean more than it had apparently meant in those bad old Grit and Tory days. Well and good, I perfectly understand the government's position.

So a bill was introduced that we have now before us, a very key component having to do with fuel substitution, key in the sense that it changes significantly what is allowed under the Power Corporation Act for Hydro to do in the area of fuel substitution. We have been talking about that here and we will continue to do so over the next couple of weeks.

In this new era of openness and accountability, we have evidence today from two sources, one from the Cochrane PUC and, I think perhaps even more importantly, from an extensive presentation and briefing in Toronto today involving a major amendment to the demand-supply plan of Ontario Hydro, both of which interventions make plain that Hydro is well on its way to implementing today fuel substitution initiatives of a truly significant kind. As the member for Ottawa South has rightly observed, it is on that basis that the demand management numbers have changed so significantly, and here we are with the bill not even through the public consultation stage. My point is that on the face of it that is at the very least a slap in the face to openness and accountability, and perhaps at the most a contempt of the Legislature.

Of course the government is allowed to do things, but it is generally allowed only to do these things once a bill has been passed. The one place where there is an exception has to do with tax bills. I would like, for one moment as a legislator, to pick up any number of bills standing on the order paper and go out and act today as though they were law. With the exception of those tax bills, I cannot think of a place where that is allowed.

I ask my friends opposite just to think for a moment about what they have said—from their point of view, I think rightly so—about openness and accountability and what their beloved Hydro chairman did this very day in Toronto and apparently, according to the Cochrane PUC, had been telling these local authorities for some weeks now. If I were into openness and accountability, I think I would be concerned to have my chairman doing this to me. I suspect it is news to the government caucus. As I

said earlier, I am almost certain it is news to the minister and I think it is news about which we should be concerned.

The Chair: Mr McGuinty and Mr Martin are seeking the floor, but first Mr Huget has the floor.

Mr Huget: First of all, let me say I do not agree with the assumption that there is any deliberate attempt to usurp the rightful role of the committee or the rightful role of the Legislature. Quite frankly, I find that a little offensive. It is referred to in his statements in the introduction on his demand-supply Update 1992 as proposed legislation, and I think it is counterproductive to assume, and to lead people to assume, as a matter of fact, that there is some hidden motive in that statement.

I want to make a couple of points very clear. I believe the minister is scheduled to appear. I believe Ontario Hydro is scheduled to appear. I do not know who is scheduled to appear from Hydro. What I am prepared to do is to determine who is going to appear for Hydro and certainly pass on your request to see what can be done to alleviate the concerns you have about time to address the chairman of Ontario Hydro.

It is not necessary to paint a very dark, ominous picture in order for there to be cooperation. It is not necessary. What I am prepared to do is find out who is going to appear from Hydro and at the same time check on the availability of the chairman and whether that was planned originally. I do not know, but I can certainly find out.

Mr Conway: For my part, I want Edgar Bergen; I do not want Charlie McCarthy.

Mr Huget: If he is available.

Mr McGuinty: I appreciate Mr Huget's suggestion, but for my part I have not had an opportunity to discuss it with my colleagues. That is not good enough, plainly and simply. I ask that this committee make a specific request that Mr Eliesen appear in person in order to respond to our questions. That is the first point.

The second point is that I have concluded that some of my fellow colleagues simply do not understand the significance of this document, entitled Update 1992, which we received today. It is in booklet form, but it is certainly not a proposal. It is the amendment to the 25-year plan. Perhaps we can gain some understanding of how important it is by looking at some—

The Chair: Are you referring to that glossy, four-colour cover?

Mr McGuinty: Yes. We can gain some understanding of how important this is when we recollect how today a young woman who appeared before us made reference to a revision. I can assure you that she, like thousands, possibly tens of thousands of others throughout this province, will hang on every word contained in this document. It is the revision of a plan to deal with our electricity needs and supply over the next 25 years. This is premised upon Hydro saving 3,600 megawatts through fuel substitution. This document is extremely significant.

The Chair: Please, what are you saying? Your first proposition is, I suspect, the one you want the committee's attention focused on. You are proposing that the committee

request that Mr Eliesen appear. It is not by way of a motion. With that not being by way of a motion, is there consensus with regard to the proposition that Mr Eliesen be requested by the committee to appear? Is there consensus? Is there any dissent? I only want to hear if there is dissent. There is no dissent. Then the committee, by consensus, agrees that Mr Eliesen will be requested to appear. I trust that the clerk will do what she has to do and advise him that the committee members have unanimously indicated that they request Mr Eliesen to appear.

Now, the second half of your proposition was a commentary.

Mr McGuinty: Essentially. The only other concern I have, and I am sure this will be much less contentious, relates as well to fuel substitution. I have a real question as to the economics behind fuel substitution and as to how it is going to benefit or harm someone who is not able to switch to an alternative fuel. I would like to see someone give me the economic arguments behind that. I assume there are people from Hydro who are the best experts in that field.

The Chair: You are putting them on notice now that you want that information from them during the course of these hearings.

Mr Conway: I am not as sanguine there as my friend the member for Ottawa South. I think the point is well taken and I would like to pursue it as well. My thought is that we might have an energy consultant. It is hard. It would be hard for me were I at Hydro; I have a conflict of interest in that sense, not anything nefarious, just in the scheme of things.

I think the point is a good one. I am wondering whether, rather than going first to Hydro to get some kind of analysis as to how that works, we might—the other morning Peter Gzowski had somebody on who was going on at great length about the intricacies of these matters. I thought he sounded interesting. He was not at Hydro. He may be some kind of hired gun for somebody else, but I think the idea is a good one. I am not so sure—I have not even discussed it with my friend—whether a person from Hydro is the person you want to give that analysis. I have a feeling that people in Hydro may feel somewhat constrained by developments and we might want to look initially at some kind of energy consultant who could simply give us a more dispassionate, disinterested analysis. Hydro may want to be here to comment and to say what we heard was incomplete or whatever, but—

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Mr Klopp: Leo is kind of good at this.

Mr Conway: I think Leo is not exactly disinterested either.

Mr Wood: A brief comment on that: I know Mr McGuinty is talking about Sioux Lookout. What do the people at Sioux Lookout do if they do not have natural gas? Every community that is not pretty well-populated in the province—there are all kinds of communities, farming communities, farm houses, throughout the province of Ontario for which we are going to have to take a look at, if natural gas is not available, what other type of switching

we do. We are faced with that all over the province. It is something the Minister of Energy and Ontario Hydro, I am sure, are going to have answers for somewhere down the road.

It is just that we are in northern Ontario now. You have pointed out several times today, "What about the people in Sioux Lookout?" In southern Ontario, in small farming communities all throughout the province, there are all kinds of people who do not have natural gas available to them, but I am sure they are going to be interested in some other type of switching if their hydro bills are sky high as a result of electric heating, whether it is in a farm house, whether it is a small village for which gas is not available. I am sure those answers are going to come out eventually.

Mr McGuinty: Our purpose, of course, Mr Chair, is to find those answers before we launch ahead with implementation of the bill and turn it into operative legislation. The minister has said that if we go ahead with fuel substitution it will benefit all ratepayers, and he has been basing that kind of statement, I am certain, on evidence he has obtained. I am just asking to see that kind of evidence.

Mr Conway: I might as well say that I am going to leave here tonight and go to a phone. My friend from Cornwall says his phone lines are lit up; the people of Cornwall Hydro want to talk to him. A couple of mayors in my communities want to talk to me, irrespective of whether it is midnight tonight, because the only thing on their minds is the story running across the CP wire and headlining all the newscasts in Ontario tonight, which is, "Chairman of Ontario Hydro announces an end to nuclear power for the next 20 years." That may bring teardrops of praise in NDP heaven; in my part of the world it is causing a great deal of consternation.

A very significant energy policy statement has been made today and there is something almost pathetic about our being here deliberating quietly and productively while this is being done in an allied fashion by an individual who has not bothered to take this committee into his confidence, who sent the poor old minister here just two days ago—the minister did quite a creditable job of saying nothing about what was to come. As I say, I am going to have to go and tell my people what this means.

Interestingly, one of the towns that is going to be most affected, the community of Deep River, the home of all of those atomic researchers who, I guess, are going to be out of jobs, is one of the first candidate communities for fuel substitution. As the local member, I have probably got a better case study than any of you trying to figure out how this community, which has had its economic future discounted somewhat today, is going to qualify for this kind of fuel substitution that apparently is much more detailed and much further down the line. I suspect what my mayor is going to tell me is that—in fact, he is probably going to tell me that it is all set and ready to go and it may be that—

Mr Wood: They have been working on it since September 6, Sean.

Mr Conway: Well and good. As I say, the point that has been raised here is that the entitlement to do that is contained within Bill 118, which in my estimation—well, I want to tell my friend opposite, who is quite a good fellow,

that that is absolutely and transparently true. Section 4 of Bill 118 is the enabling section that will allow the Deep River project to go forward, and that legislation is not going to be law, by my calculation, until at least the middle of April.

I am not the one who is talking about a new day of openness and accountability, but if my friends opposite cannot see the difficulty in this, then it is a new day.

The Chair: Mr Martin, it is almost tomorrow.

Mr Martin: Yes. I would suggest that what we have here is a difference of opinion and perception and some great leaps of interpretation, which in themselves are setting parameters around the openness of this particular committee and probably giving people the wrong impression of where we are going. My very scant, quick read of the document put out here was that it was simply a context within which this bill will fit and within which the future of energy in this province will be developed.

Mr Jordan: Mr Chairman, there seems to be a great misunderstanding on what this is. We have been spending millions of dollars in Toronto on the original of this, and this is an amendment to that. The amendment to that includes, now, an amendment to this book, which we are still working on and, as my colleague points out, will not be part of this book until April. I think we have a very legitimate question. It is not just a piece of paper, my friend. You are outside the law, the same as if I went out on the street and drank a bottle of whisky.

Mr Martin: It is a context. It is a business plan that is built on conjecture and presentation—

The Chair: Excuse me. The Hansard people have not done anything to cause us to punish them that way. They have been kind. They have been gracious. They have been good. One at a time.

Mr Jordan: I cannot see that they can slight either one of these booklets. They are more than a piece of paper. I would like clarification from the chairman as to where he has the authority to put this before the people at this time, before this bill has been amended. That is all I am saying.

The Chair: All right. The issue of the chairman has been resolved already; the chairman's appearance before the committee. Now Mr Huget.

Mr Huget: I was going to mention that the issue by consensus requesting the chairman to appear has been dealt with. The issues you raise, I suppose, you should rightly raise with him.

The second request was for the cost-benefit analysis or the cost-effectiveness of the fuel-switching issue. I think we can agree by consensus to have Hydro provide the basis of that information to him. I do not have a problem with that. I think both issues are being dealt with.

Mr Conway: I accept what my friend from Sarnia has said. However, I would like, at some point, to have some independent analysis of the general propositions around fuel substitution brought to the committee by an independent energy analyst, of whom there are several.

The Chair: That is, however, in my view, subject to what people here might say, something far different than

the request to have the chairman of Hydro appear and something that would best be first dealt with by the subcommittee, because it is a significant change.

Mr Conway: Yes, the first question is dealt with, as far as I am concerned. It bears no relationship to the first issue, which I think we have settled. It is the second issue, then, around the fuel-substitution question which my friend from Ottawa has raised. My only point there is that I do not have a problem with Hydro coming and making a pitch about what it imagines is possible. It is a highly technical field. I would like to have some opportunity to have somebody briefly and expertly respond to that. I have no competence to make those judgements.

The Chair: You are suggesting that that matter be referred to the subcommittee, because it involves expenditure or the prospect of expenditure, and involves a significant change to the schedule that was agreed upon by the subcommittee and by this committee.

Mr Conway: Yes. I guess I would say further that it may very well be that the time constraint does not provide it. What we could perhaps get is a paper or something from Hydro that we could have, and then have it analysed: ship it out to have somebody look at it and give us a cursory examination of it.

Mr Arnott: Could the committee give consideration to allocating half an hour to our research officer to give us his estimate of that particular issue?

The Chair: There is any number of ways to do it. Let's let the subcommittee deal with that and look at the resources that are available to Mr Yeager before we even call upon him to consider doing that.

Mr Huget: Just a point of clarification: Are you saying you do not want any information that Hydro has on the cost-effective—

The Chair: Is that to Mr McGuinty?

Mr Huget: Yes.

Mr McGuinty: No, I am not saying that. I am saying we would like to have some information from Hydro. It would be of great use to this committee, following up on my friend's suggestion here, that we have a disinterested party as well comment on Hydro's submission. It may very well be that they are going to coincide.

Mr Huget: I am prepared to go along with the request in terms of getting Hydro to provide that information. We can deal with Hydro by consensus. I think the other is a subject for the subcommittee. If you still want the first part of that dealt with—

The Chair: All of those matters having been dealt with, I am waiting—

Mr Conway: Let's go watch the chair of Hydro, who is headlining the television news.

Interjection: Are you adjourning things until 4:30 in the morning?

The Chair: I hear the motion to adjourn. All in favour? Carried.

The committee adjourned at 2201.

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Power Corporation
Amendment Act, 1991

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Première intercession, 35^e législature

Journal des débats (Hansard)

Le jeudi 16 janvier 1992

Comité permanent du développement des ressources

Loi de 1991 modifiant
la Loi sur la Société de l'électricité



Chair: Peter Kormos
Clerk: Harold Brown

Président : Peter Kormos
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday 16 January 1992

The committee met at 1307 in the Chateau Laurier, Ottawa.

POWER CORPORATION AMENDMENT ACT, 1991

LOI DE 1991 MODIFIANT LA LOI SUR LA SOCIÉTÉ DE L'ÉLECTRICITÉ

Resuming consideration of Bill 118, An Act to amend the Power Corporation Act / Projet de loi 118, Loi modifiant la Loi sur la Société de l'électricité.

The Chair: Good afternoon. This is the standing committee on resources development, which is a tripartite committee of the Legislature. All three parties in the Legislature are represented, and among their caucuses is the Energy critic for the Liberal Party, Mr McGuinty, and the Energy critic for the Conservative Party, Mr Jordan. The parliamentary assistant to the Minister of Energy is Mr Huget.

Seated with me is Lewis Yeager, a research officer, who is an employee of the Legislative Assembly. Tannis Manikel is a clerk of the committee and she works for the Legislative Assembly. Pat Girouard works with Hansard and her job is to ensure that what everyone says is accurately recorded. She does that very capably, notwithstanding the propensity of some members of the committee to speak while other members are speaking, thereby increasing the difficulty Hansard has.

We have a fairly full schedule, but we are prepared to provide some flexibility to ensure there is as full a coverage of the issues as possible.

CANADIAN OIL HEAT ASSOCIATION

The Chair: The first presentation is by the Canadian Oil Heat Association. There are four people with that organization, if they would please seat themselves in front of the microphones, tell us who they are, proceed with their comments and try to keep their comments to 10 minutes or perhaps even less so that there is adequate time for dialogue and questions. That is inevitably the most productive part of these types of exchanges.

Mr Maguire: My name is Chuck Maguire. I am employed by Petro-Canada and presently sit as the president of the local chapter of the Ottawa Oil Heat Association. I am presently working with Petro-Canada in a fuel oil division and my background also includes gasoline retailing.

Mr Rick McCagg has been employed by Francis Fuels of Ottawa for the past 11 years. In his term at Francis, Rick has worked in the areas of heating equipment sales, energy management, purchasing fuels and petroleum marketing. His related educational background includes certification through the Heating, Refrigeration and Air Conditioning Institute of Canada in residential heating systems design, heat loss and heat gain and heat recovery ventilators as part of the R-2000 program. Rick's employer, Francis Fuels, is a member company of the Ottawa Oil Heat Association and

the Canadian Oil Heat Association and he speaks on behalf of both of those associations.

Mr Don Morrell is a self-employed petroleum marketing consultant. He is associated with Petroleum Economics Ltd (North America), with offices in Ottawa and Washington. Petroleum Economics is a worldwide petroleum consulting firm based in the United Kingdom. Don has spent many years with a major petroleum company. He held various sales and management positions in all phases of petroleum marketing in different regions of Ontario and Quebec. His educational background includes studies in commerce at Concordia and Laval universities, as well as a management certificate from Carleton University. Don is a member of the Ottawa Oil Heat Association and speaks today on behalf of this association.

Mr Bill Francis is the president and chief executive officer of Francis Fuels and also a member of the Ottawa Oil Heat Association and the Canadian Oil Heat Association.

Ladies and gentlemen, committee members, one comment we would like to express at this point is that we have prepared this presentation in English only. However, we have representation with us that is able to translate or respond to questions in both official languages.

The Chair: Perhaps I should indicate now that headsets are available for persons who wish to hear this in the other official language than the one in which the speaker is speaking. Translation is taking place simultaneously. Those headsets are available in this room at the table. Sorry to interrupt.

Mr Maguire: That is fine.

The Canadian Oil Heat Association is an eight-year-old association of oil dealers, technicians, suppliers, equipment manufacturers and related government agencies. As of December 1991, there were 135 members across Canada, with 104 in Ontario and growing rapidly. The majority of Ontario members are small independent business operators. The manufacturing members are, with a few exceptions, small Ontario-based companies.

The Canadian Oil Heat Association has developed a comprehensive program of recommendations to satisfy the provincial government's new energy directions for Ontario. It is the purpose of this presentation to demonstrate the advantages and opportunities of using oil as an energy in place of electricity for space heating and hot water heating in residential applications.

In November 1990 the government of Ontario announced its New Energy Directions. Its purpose was in part to achieve greater levels of energy efficiency and conservation. Use of oil as a substitute for electricity and as an alternative to other forms of energy for space heating and hot water heating in residential applications offers a wide range of proven advantages that support the government's energy policy. The advantages of initial installation and operating

cost, equipment life and safety aspects are all positive factors which apply directly to the home owner using the equipment. The environmental benefits apply to all citizens of Ontario.

We are all aware of the problems facing Ontario Hydro: the cost of new facilities; supply problems experienced during winter peak periods; uncertainty of availability due to reasons beyond its control, ie, lack of rain; increased costs to the end user, and environmental issues. The use of oil as a replacement fuel or a dual fuel would be a bonus for Ontario Hydro. Over 160,000 of Ontario's 800,000 electrically heated homes are ducted and readily available for fuel substitution. Of the 1.5 million electric hot water heaters, 380,000 are in homes already served by oil. Ontario Hydro would realize needed savings if these locations were fully converted to oil.

The quickest way to the government's energy efficiency and conservation goal is to reinform Ontario's residents about the advantages of oil heating and the incentives that make it attractive to substitute oil for electricity. The public, including provincial officials, have a number of concerns and misconceptions about the use of oil for space heating and hot water heating. These include environmental aspects, cost, safety, security of supply and future prices. It is the responsibility of the oil suppliers and the government to correct these misconceptions if specific policy proposals of the government's new energy directions are to be realized. This presentation will address these misunderstandings.

Mr McCagg: Good afternoon, ladies and gentlemen, members of the committee. My name is Rick McCagg and I am here today representing my employer, Francis Fuels of Ottawa, a member company of the Canadian Oil Heat Association. We are here today to express support for the proposed amendments to the Power Corporation Act as expressed in Bill 118. I would like to address the environmental, economic and equipment technology aspects that we feel make heating with fuel oil a viable choice in a partial or a whole fuel substitution program.

Environmentally speaking, fuel substitution with oil would lessen the need for expansion of existing Hydro facilities and the need for construction of new nuclear facilities. There would be less worry about what to do with spent fuel and about the potential of heavy water spills, and less possibility of reactor failures that can produce catastrophic results such as has been evidenced at Three Mile Island and at Chernobyl.

Choosing oil, as opposed to natural gas, for fuel substitution would stop increased levels of methane gas from being released into the atmosphere. Natural gas is comprised of 80% methane in its unburned form, and methane is a major contributor to the greenhouse effect. The Canadian Gas Association admits there is leakage of the natural gas from the pipeline system, not to mention the amount of natural gas released through the regulators installed in most residential and commercial installations to vent off excess internal pressures in the distribution system. Any fuel substitution program will reduce the amount of acid-rain-causing emissions caused by coal-generated hydro-electric power. The higher efficiencies and new

technologies in oil heating make it cleaner than before through a more complete combustion of the fuel.

Fuel substitution with oil does not require the expropriation of lands for expansions of the transportation corridors, as both Ontario Hydro and the gas pipeline systems have in the past. We feel that oil heating is a practical substitute for electricity and will benefit the environment, as well as having benefits over other alternative fuel sources.

On the economic side, fuel substitution with oil will save the taxpayers millions of dollars (a) in reduced expenditures for maintaining existing Hydro facilities, (b) in the fact that no new expenditures for costly generating facilities would be required and (c) no major expenditures would be required with an oil substitution program to upgrade the distribution system and no land acquisitions or expropriations for this expansion would occur. An oil substitution program would leave Hydro's base load intact and not erode it.

The oil industry is ready to accept a partial or whole fuel substitution program. The oil industry is ready to go today. Technology is in place for a bienergy or dual fuel substitution program, as is being done in Quebec with Hydro-Québec, or we can handle a total fuel substitution program. Hydro knows of our track record through various cooperative projects such as the Canada oil substitution program, the early dual fuel program and the EnerMark program.

Oil is currently priced below the 1984 level and not many fuel sources can boast this fact. The National Energy Board has predicted that natural gas prices will exceed oil prices in the next 20 years. The economy in Canada and Ontario will benefit from an oil substitution program. Manufacturing, automotive, transportation and other sectors will benefit directly. This is important now more than ever, with layoffs and plant closures taking place. More dollars would stay in Canadian hands with an oil substitution program. Profits would not be funnelled off to foreign ownerships. The majority of oil heating equipment is manufactured here in Canada and not in the United States, as is the case with natural gas equipment, again keeping Canadians employed and more money in Canadian hands.

In equipment technology, oil-fired heating equipment has led the way in the past 20 years in technological advances and increased operating efficiencies. The flame retention burner introduced in the 1970s increased burner combustion efficiencies from 60% to 98%, giving steady state efficiencies of 85% to 88% on conventional equipment. In comparison, the majority of natural gas heating equipment installed in this time frame in Ontario had operating efficiencies of less than 70%. The 1980s and 1990s saw the development of a new generation of mid-efficiency, side-wall, power-vented oil furnaces, as well as high-efficiency condensing furnaces with efficiencies of up to 93% annual fuel utilization efficiency.

The year 1990 saw the development of a hybrid dual energy oil-electric heating unit to conform to Hydro-Québec's bienergy program. In a lot of respects, Ontario Hydro's situation parallels that of Hydro-Québec. Replacement of electric water heaters in existing oil-heated homes with new oil-fired water heaters would provide a more efficient and less expensive method for heating water, not

to mention supplying more litres of hot water per hour than any other fuel source.

As in the past, the members of the oil heat associations would welcome the opportunity to work hand in hand with the Ministry of Energy and Ontario Hydro in any fuel substitution program. We applaud the initiative to amend the Power Corporation Act with the proposed Bill 118. We realize that no one fuel substitution will be right in choice for every situation; however, we feel that oil heating can and should play an important role in any fuel substitution program. All we ask is for the opportunity.

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Mr Morrell: Good afternoon, members of the committee, ladies and gentlemen. I wish to speak to you about the security of supply of fuel oil as a heating fuel. Fuel oil is a very secure source of energy for home owners. In fact, in spite of at least four so-called oil crises over the past 25 years as a result of geopolitical upheavals, not one Ontario home serviced by oil has had its supply interrupted during that time due to these crises.

The oil delivery and distribution system has four buffer reserves built into it. Refiners in Canada generally have 30 to 60 days of crude oil inventory on hand or in transit. Refiners have an inventory of 60 days of fuel oil at the start of each heating season. Major and independent terminal operators generally have adequate fuel oil storage to supply their retail customers for extended periods of time in the event of a supply interruption. For example, in Ottawa the total fuel oil storage is some 63,000 cubic metres; that is 63 million litres or, for those of us who still think in gallons, about 14 million gallons here in Ottawa in storage.

Finally, each home owner has his own buffer stock in the basement fuel oil stock which will on average keep his furnace running for 30 days. In fact, in Ottawa one supplier serves 12 different subdivisions from central storage tanks connected to homes by pipeline systems. Oil is easily transported so it can be transferred to ease local supply interruptions. We witnessed this dramatically in the Ottawa area in December 1989.

In spite of some occasional price spikes the price of oil has always returned. Current crude oil prices are, as Rick said, at 1984 levels. They were \$18.85 yesterday for the west Texas intermediate. Then, as some of you probably saw in the *Globe and Mail* this morning, the headline was "Crude Prices Surge on Possible OPEC Cuts." If you read the smaller print it said: "Oil prices surged yesterday on additional evidence that OPEC members will reduce the amount of oil they pump to bolster the sagging market...." There is oil out there. Farther on, Venezuela's energy minister: "...said he was sure there would be an agreement among the cartel's members to siphon off production to ease the world oil glut." So you have to read the whole thing and not the headline sometimes. Many retail suppliers in this area and others are guaranteeing a ceiling price for fuel oil for the entire current heating season.

The outlook for energy in oil supply-demand in the next century, as seen by Petroleum Economics Ltd in November last year, indicates a return to an abundant potential, especially when Kuwait and Iraq oil supplies become

available again. On the basis of current production of OPEC members oil upstream spare capacity may well exceed 10 million barrels per day by the turn of the century. This fact will ensure that oil prices will remain stable for the foreseeable future.

We believe that the time for a joint marketing program by Ontario Hydro and the oil heating industry is now. We both have a need: Hydro to ease consumption; oil to increase volume for viability. Me, Don Morrell, selfishly I consult the marketing people in the oil business.

Many home owners are replacing outdated furnaces installed in the late 1960s and early 1970s. These home owners should be the prime marketing target of Ontario Hydro and the oil heating industry. The storage capacity for the oil portion of the dual heating system already exists. The tank is in the basement. Oil is a viable source for dual fuel installation in rural areas. Again, in most cases a storage tank exists and the petroleum suppliers are already active in rural areas supplying other petroleum products to the consumers. Therefore, we, as the Canadian Oil Heat Association, recommend that the committee strongly consider dual oil-energy heating as a solution to Ontario Hydro's present dilemma.

Thank you for your attention.

Mr McGuinty: Thank you for your presentation. I would like to deal first with the cost of oil in relation to electricity. I understand it is cheaper to heat by oil. If you are telling us that, why are more people not switching? What is the impediment there in terms of the capital costs and startup?

Mr McCagg: Capital costs for switching an electric system to oil versus any other fuel source really has about the lowest outlay of capital for the consumer. On the average the consumer would be looking at spending in the range of \$2,000 to \$2,400. Currently, most Ontario residents who are switching to natural gas are putting in mid-efficiency furnaces which average in the \$2,600 to \$2,800 range as far as capital outlay is concerned.

Mr McGuinty: How long is the payback period?

Mr McCagg: The payback period on a conversion of that nature would be about four years. That is based on an average home using about 2,100 litres of fuel oil a year and a comparable amount of electricity.

Mr McGuinty: Does the association know of any studies which would indicate how low we have to bring that price or those startup costs down before we get people to make the jump?

Mr McCagg: It would depend on the type of conversion. As we have mentioned, there are two types of conversion, either a whole or a partial, using a dual energy system.

Mr McGuinty: I just want to talk cost, though. If we are talking an average of \$2,000 to \$2,400, that is too much for me. I do not want to invest that kind of money and I will continue to pay my higher electricity rates. How far down do you have to bring it before the average customer will make the jump?

Mr McCagg: In the early 1980s, when we saw the Canada oil substitution program, what was being offered at

that time was an \$800 grant which was taxable. That seemed to be enough of an incentive at that time. We are not recommending a cap at \$800. Certainly we welcome more. We are not saying it has to be at \$800 either.

Mr McGuinty: Has your association considered or contemplated participating in subsidizing fuel substitution?

Mr Francis: I am Bill Francis. I did not do a submission today, but I am here as a backup and most of these people have had my guidance along the way through their various things. As a director of the Canadian Oil Heat Association, I will take on that question. Do you want to give me the question again, please?

Mr McGuinty: I am wondering if the association has ever considered assisting or subsidizing customers in making the jump from electric heat to fuel oil. Would you be prepared to participate in some kind of program which would result from legislation based on Bill 118?

Mr Francis: The oil heat industry has been in subsidy of various things throughout my lifetime of 35 years I have dealt within the industry. We have rented hot water tanks, which were done at cost. We go right through various gamuts of many things: heat savers, heat hoarders and various things to keep down the energy cost to the consumer. We do install rental or lease-type furnaces. My firm sells them for \$1 a day and then in five years you have them for \$1. These are loss leaders we have.

We try to keep people on the oil as an energy system. Yes, we could do something. We are doing a lot now to hold our share of the market, to keep our market, to be viable and to be an independent business that is viable to my sons, daughters and my next generation and all across Ontario to dealers like myself. We are already subsidizing and we will be interested in looking at other subsidies. We are looking to be viable within our industry and to keep oil as a viable energy source.

Mr McGuinty: All right. I have another question on another issue, and that is the environmental issue. I want to understand a bit more clearly. Mr McCagg was talking about these things. Are you telling me, Mr McCagg, that oil burns cleaner than the resultant byproducts and emissions which would result from all of the processes leading up to electricity coming into my home?

Mr McCagg: It would depend on how the electricity coming into your home had been generated.

Mr McGuinty: Maybe I can assist there. I was told during the last couple of days by a witness knowledgeable in these matters that electricity used for space heating is peak power and as a result 60% to 80% of that is produced from coal-fired generation. How do we compare that one?

Mr McCagg: As we are well aware, in the last few years there has been a lot of talk about acid rain. One of the byproducts of burning coal is sulphur dioxide, which causes acid rain. Ontario lakes have been suffering for years. I believe the environmentalists, who are represented here today, will probably be addressing that as well as ourselves. You are still burning a fuel so there is a residue or something that has to be got rid of, discharged into the atmosphere. But in regard to the other alternative, natural

gas, the emissions of carbon in comparison, the difference between the two fuel sources would be negligible for gas versus oil.

Mr McGuinty: Are you familiar with any study which would provide me with more information in this regard?

1330

Mr McCagg: We do have that information available. I believe that Chuck has it in a guideline that the COHA presented prior to this meeting in Toronto to the Energy ministry.

Mr McGuinty: Certainly the committee would appreciate receiving a copy, if you have one.

Mr McCagg: Could we send those on to Toronto at the beginning of the week?

Mr McGuinty: Okay. Thank you.

Mr Conway: Gentlemen, I am very much interested in your presentation. I have two or three very quick points. First, would it be your expectation that in any government or Hydro program to shift the load away from electricity, particularly for space-heating requirements, to other forms of energy, that kind of fuel substitution program, particularly if it involved some public subsidies, either government subsidies or Hydro subsidies, would involve your alternative?

Mr McCagg: We believe it would. We believe our alternative is viable. We have participated in the past, as I stated before, with Ontario Hydro through the early dual fuel program that it implemented in the early 1980s. They are still, to my knowledge, running the EnerMark program, which is a subsidy program. A lot of that has to do with bienergy or dual energy, using heat pumps on oil-fired equipment and directly excluding gas heating equipment from that program already.

Mr Conway: So it would be your expectation that you would be included as an alternative eligible for subsidy.

Mr McCagg: We would like to think that we would be given consideration.

Mr Conway: But you have had no indication to date that you are going to be, from anyone in Hydro or in government?

Mr McCagg: No, we have not. We know what is going on in the province of Quebec. Quebec Hydro has embraced the oil industry. It is very ironic that when Marc Lalonde was Energy minister back in the early 1980s and implemented the Canada oil substitution program under the Liberal Party, money was being given out through the province provincially and federally in Quebec for conversion programs. Now Hydro is turning around and paying people to get off the very fuel source that it encouraged them to get on to.

Mr Conway: Just two quick things. "Irony" is a wonderful word, and I really have enjoyed your presentation. I was sitting here today, thinking there is just so much irony in this. I have been around the Legislature for 16 years, and to imagine today, a year after the bombs started to fall on Baghdad, that we would be here talking, among other things, about west Texas crude at \$18.45 is positively

brehtaking. I think I was in this hotel 12 years ago to hear the launch of the national energy program.

It seems to me that if we have ever had a poor batting average in predicting what the short and intermediate future is going to be, it is in the energy sector. You have cited one example. I would cite another that perhaps is a little less favourable to your industry. I mean, the assumption today is that we will have peace for a long time in the Middle East, and I certainly hope that is the case, but a year ago today I think your submission would have been a little more problematic. I am very happy that you are able to make your presentation today.

I would like, just quickly and finally, to ask a question around the current Quebec Hydro offering that involves the oil sector. Could you very quickly summarize, for my benefit and the benefit of the committee, what I would be eligible for across the Ottawa River today in the province of Quebec?

Mr McCagg: You will have to excuse my ignorance on the subject. We do not participate that actively in the Quebec market. I am aware of a few of the details of what is going on. Chuck, you might be able to help in this respect as well. Home owners are eligible for grants, as I understand it, up to, \$1,500 to \$2,000 for the bienergy program.

In the bienergy program, what we have is an oil-fired heating unit with an electric heating unit built right in. It is one comprehensive unit. Hydro and the oil industry put their heads together and agreed at a cutoff point of minus 12 degrees Celsius, at which time the electric heating section will cut out, and the oil backup—at that point it really is a backup. The oil industry did not get as big a share as it wanted. We would have liked to have seen a higher cutoff point, around minus five, about 23 degrees Fahrenheit, but we did not get that. But it does switch over at that minus 12 degrees Celsius point, and the home owner is then on oil.

In some cases the expenditures are not that great because the home owner is already on electricity and has a 200-amp service already installed in the house. If they already have the 200-amp service in the house, it is a saving of about \$1,500 to \$1,600 for the home owner. In a house where, say, they are replacing an existing system, an oil system, and they want to go into the bienergy program, they have to upgrade the panel to 200 amps. It is a little more expensive. There is a scale as far as the grants go. It depends on the type of conversion, whether it is electric to a bienergy or oil to a bienergy.

Mr Morrell: You asked whether the oil association would be interested in getting involved in something that might help to alleviate the program with the hydro. We think it is our turn, because some people tried to put us out of business with the off-oil program a few years ago.

Mr Conway: One of the reasons this is an issue for a number of us who are in rural Ontario—your presentation talked about it—I think there is widespread support for some kind of sensible and reasonable fuel substitution, fuel-switching program. The concern some of us have around the policy in the bill is that it appears to be the case that rural consumers may very well find themselves seeing

increased hydro rates, part of which increase will go to assisting an off-electric conversion to lower-cost alternatives that, in many cases, these rural consumers will never have. So the question for me at least is, what is an equitable policy to inform this fuel substitution? That is something we will continue to grapple with.

The Chair: I should tell people that somewhat more time is being permitted for discussion with this group. We have had some cancellations this afternoon, which give us that latitude, and participants in the Canadian Oil Heat Association had wanted to appear in other venues of this committee but had not been able to because of time restrictions. For that reason, we are spending a little more time. I hope that does not interfere with anybody else's schedule. If it does, please let the clerk know and we will try to make sure you are slotted at the time you were originally scheduled. We will not be that far out of time that it should be a major disruption.

Mr Jordan: Thank you, gentlemen, for taking time this afternoon to come and present your product and the advantages that you see that you could offer the people of Ontario.

I would like to go back to the purpose of the meeting this afternoon, Bill 118. My straight question to you is, is it necessary to have financial incentives to the marketplace to have people purchase the fuel they think is most economical and will do the best job for them? Do you really believe we are doing the right thing by getting into these cash incentives?

Mr Morrell: Just as a citizen making a decision myself, if I have a perfectly satisfactory heating system and it is working well and I spent money putting it in not long ago, I would need some incentive to pay out more money, depending on the payout that I would get by laying that capital out today. Yes, just speaking as a common citizen, I think you have to have some incentive to throw out or add to a system you already have.

Mr Jordan: If you think that the incentive is necessary, should it come from one energy or another, or should it come out of the government's general fund?

Mr Morrell: I do not think I could really answer that. I would say government, but that is all coming out of our pockets too. There has to be a benefit that we all as a group have to be sold on where that money comes from. It is all coming from us.

Mr Jordan: So if it came out of the general fund, it would be more fair than coming on individual hydro bills?

Mr Morrell: I believe so.

Mr Jordan: You had mentioned an estimated cost of \$2,400 to switch to an oil furnace.

Mr McCagg: If a whole-fuel substitution was done, yes. On a bienergy basis, it would be slightly more expensive.

Mr Jordan: We have a number of all-electric Gold Medallion homes that were built in the 1967-75 era. As you know, the baseboard heater is almost a lifelong unit. The element can be replaced and you almost have a new unit. What they do not have is the duct work. What price would I be looking at to convert my baseboard system?

1340

Mr McCagg: In a Gold Medallion home that you speak of, built in the 1960s—those homes had slightly superior insulation qualities to other homes that were built during that period—you would probably be looking at an expense of between \$4,500 and \$5,500; and again, we would have a bit of a problem with people who have finished the basements in their homes.

If I can go back just a bit to what you were mentioning about the incentives, right now we have a lot of Ontario taxpayers who are upset with Hydro in their forecasting. They were chastised on the news last night by one of the environmental groups, and there is a lot of mistrust. Nobody trusts Hydro's forecasts any more. We have people whom we converted to electricity during the Canadian oil substitution program five, six, seven, eight years ago who now want to get off it. They are looking for help, and one way you can offer them help is by supporting Bill 118. Whether it is for our industry or for the other alternatives we feel the taxpayers of Ontario deserve some kind of compensation for what they are going through now.

Mr Jordan: And as your partner has indicated, perhaps if this assistance is required it would be better to come from the general fund.

Mr McCagg: I would think that Hydro might want to review the current programs they have under way for subsidies, such as the EnerMark program. Maybe funds are available there from Hydro's purse. Ontario may choose to subsidize it as a provincial government as well, but I think that maybe it should be shared possibly through our industry as well as the province of Ontario and Hydro.

Mr Jordan: Thank you very much.

Mr Morrell: Excuse me. In the Quebec program, there is also an amount allowed of \$900, I believe it is, for someone who has baseboard heating and wants to convert to the furnace-type system with ducts. There is a \$900 amount in that program as well.

Mr Jordan: My concern is that we are going to see history repeating itself. You just mentioned the off-oil program; now you have irate customers coming back saying: "I was coaxed into this thing by an \$800 incentive program. Now I am going to be coaxed into another program by perhaps a \$2,000 incentive program, and then we'll come around again and something takes place where the deal is no longer a good one." Would it not be safer to let the marketplace handle the situation and stay out of it?

Mr McCagg: I think, from what we gather in the proposed changes to Bill 118, there is a problem at Hydro now with the supply of hydroelectricity. They want to reduce the peak loading on the system. So what we are proposing here is really of benefit to them. We are not coming here saying: "We have a problem. Help us out." We think it is you who have the problem and we are here to offer a solution, hopefully.

Mr Arnott: It was stated by one of you gentlemen that oil heating, space heating, is cheaper than electricity. I assume that natural gas is then cheaper than oil heating?

Mr McCagg: Natural gas, depending on the type of conversion, can be less expensive than oil heating.

Mr Arnott: I mean on an ongoing basis, if you could compare the cost of three typical heating bills on an annual basis or a monthly basis, something like that.

Mr McCagg: It really depends on the selection of the equipment the home owner has. We have operating efficiencies up to 93%, as do the gas manufacturers of the same type of equipment. If we took a home owner with a piece of gas equipment operating at 60% efficiency and compared it to a 93% efficient oil furnace, we could be heating the same-sized house cheaper with oil without any problem.

Mr Arnott: Yesterday, the chairman of Hydro rather took this committee aback with an announcement with respect to an update of the demand-supply plan. They were announcing that \$6 billion would be invested in demand management over the next 10 years. Six billion dollars is a great deal of money. Could you tell me what your association would hope for in terms of demand management programs, or fuel switching, with respect to that \$6-billion figure?

Mr McCagg: One thing that we would like to see and that we think will allow Hydro to better manage the peak load, or the demand load, is the bienergy program. We wholly support that. It still leaves Hydro with some of the pie as far as revenue coming in from hydro consumed. Again, as we mentioned about the Quebec program, heads would have to be got together to agree on what is a reasonable cutoff point for the equipment, the switchover. Hydro should know how much load it wants to shed. They should be able to give us those figures and we can tell them, or our engineers can sit down and calculate what is the optimum cutoff point for the type of system to achieve that for Hydro.

Mr Morrell: We read also that municipalities are looking at perhaps reduced funds, and I believe the municipalities have a piece of the action here, because they buy it on a wholesale basis and retail it to the consumer too. So you are going to have some of them coming in and making a presentation, I am sure, or wanting to, because if you are going to cut back on hydro use, you are going to cut back on revenues to the municipalities. There is another situation that will have to be addressed.

Mr McCagg: We think that conservation plays an important role in this too. It has been said before: conservation before conversion. Most homes we know of in our geographical area have taken advantage of the Canadian home insulation program that was offered by the government in the 1980s. There is only so much you can do in a home. You cannot economically rip down the walls and reinsulate them. You can do the attic and you can do the basement. Hand in hand with our equipment, we also have programmable thermostats that can better manage the heating system in a home so that when people are away they are not heating dead space. But we wholeheartedly would support a conservation program if Hydro chose to make that part and parcel of any type of fuel substitution program as well.

Mr Jordan: Just a quick question with regard to your remarks on the conservation program. Would your association or the company you represent feel a responsibility to

share the cost of these conservation programs? Ontario Hydro in Bill 118 will be taking the phrase "electrical energy" out of the act and just putting in "energy." It will be providing, free of charge to the customer, which is really a charge on my hydro bill and your hydro bill eventually, to go out and do a conservation audit on all buildings regardless of the fuel source. Do you think it is time that all energies got involved in that costwise?

Mr Maguire: Bill, do you want to handle that?

Mr Francis: That is a fairly difficult question you have for us there, because we are only representing this one group and we know the margins we have to work with and so on. If you have some type of proposal you are thinking of, possibly it should be discussed within our industry and at that time we will come forth. A lot of independents, such as our association, buy from majors and so on, so we would have to get the majors, the Essos, the Shells, the Ultramars and all those within a group and get together with some type of deal that could help this industry.

As we go to majors they are also interested in natural gas and in all these things too, as you all realize. They become a player on both sides of this thing really, so I think we should. Yes, we would be interested in looking at things like that.

Mr Morrell: I think insulation has been fairly well addressed too. I think a lot of people took advantage of the program and I would say that homes generally are well insulated, judging by the grants that went out, and the newer homes are being built with a certain standard of insulation in them. I do not know if there is as much room in that area as there is perhaps in others.

Mr Jordan: Now that you mention that, I think I might go back to Ontario Hydro in the 1967 era and again in the 1975 era where, because of the cost of its fuel, it in fact was not competitive. The only way it could market the off-peak load at that time was by having a home designed, such as the Gold Medallion home that had the extra insulation, six inches in the attic and a minimum of three inches in the walls and so on, and two inches in the basement two feet below grade. Those were standards that were set by Ontario Hydro and eventually came into the building code. But it was because of the price of their fuel at the time that they were trying to get an off-peak load of the market. It seems to me that is still very important.

1350

Mr Morrell: Certainly. When I started in the oil business it was 17 cents a gallon. We did not put any insulation in. It was just put the oil through the house.

Mr Jordan: You were not really interested. You were marketing oil.

Mr Morrell: That is right. But it was 17 cents a gallon; now it is 34 cents a litre.

Mr Conway: Seventeen cents is now the differential per litre across the province in gasoline.

Mr Jordan: That is another subject.

Mr Francis: Just for the information of the people here, Medallion Homes have two meters too. There is one for the energy and one for the home use, so it is double-metered.

That is my understanding of Medallion Homes. That is another thing that is in there. Those numbers are available, the costs. That is another thing I found out at one of my meetings recently. I did not realize we had double-metering systems back in 1965-70.

Mr Huget: Thank you for your presentation. I would comment that the demand management is certainly a complex strategy, and part of that strategy includes efficiency, conservation and of course fuel substitution. Part of fuel substitution is oil heat. I think the perception over the years has been that oil heat is somewhat dirty, somewhat inefficient, somewhat costly. I hear you gentlemen say that is not quite the case.

I would like to know from you, particularly in terms of the efficiency aspect and the cost-effectiveness of oil heat, what has happened? It is the same oil? I would just like to know where the improvements have been made? Where and why does it make cost-effective sense?

Mr Francis: I will let Rick pick up on that, but I will give you an overview of that. As a person who worked in the trade back in the 1950s, I worked through the trade and into there and I know what you mean. But oil has evolved. Oil has not sat back in the past few years. Oil has a new generation of equipment. We have high efficiency there. We have not got all the problems solved yet but we are working on it. We need it. The Canadian Oil Heat Association is very involved in these things. This is the survival of the oil dealer, the small dealer up through the valley and all through the countryside and dealers like myself in Ottawa who also serve some of those markets.

We need customers. We need the base. We sat down through the cooperation of this eight-year-old association. We have strived. We have also now gone across Canada. They have seen what we have done in Ontario and we are into Vancouver. We are out into the maritime provinces. We have talked to them and so on. We are very concerned. Now down to details and I will let Rick McCagg talk to you, but I thought I should give you that overview.

Mr McCagg: As I mentioned earlier, in the 1970s the oil industry put a lot of research into the flame retention head burner, a burner that would give a more complete combustion of the fuel and provide little waste after the combustion had taken place. In the 1980s and the 1990s we developed technology using heat reclamation and secondary. In some cases we have one, two or three heat exchangers in systems where we are scrubbing heat off before letting anything go out.

The reason they are called condensing is because once the flue gas temperature gets below a certain point it releases the moisture that is in the gas. That has to be reclaimed. That was an environmental issue at one point in time because of the acidic content. Neutralizers were developed to neutralize the acidity of the waste from that. That is basically what has happened in the technology with oil. We can now take a litre of oil or a gallon of oil and burn it much more efficiently than we ever could in the 1950s and 1960s and leave a very low residual byproduct to be released into the atmosphere.

Mr Huget: A large percentage, I think, of Ontario's energy users, are rural and some of them do not have access to many of the forms of energy. What percentage of your customers would be rural? Is it a high percentage or a low percentage?

Mr Maguire: Speaking just for the Ottawa area, a percentage of about 19% of our total customer base would be rural customers.

Mr Huget: Have you been working with that customer base—I am concerned more about rural, but urban as well—in terms of dealing with the efficiency question of some of that older technology around the oil heating equipment, some of the equipment that was referred to that may have been around since the 1950s? Is there an active sort of strategy to upgrade that equipment and make sure that people are using efficient equipment?

Mr Maguire: Through various forms of media advertising we do that. One of the programs all suppliers and sellers of furnace oil are involved in is maintaining customers' heating equipment. You actively solicit and impress upon your customers when their equipment is in poor shape that it is time for change, basically for the economics of it for the customer.

As far as the electric customer is concerned in the valley, I live in the valley here in Ottawa. I live in a small town called Almonte, and several of my friends are on electricity. They are just flabbergasted at their heating bills at this point in time and they are looking for alternatives. They are really concerned.

Mr Huget: Thank you. Mr Dadamo has a question, Mr Chairman.

Mr Dadamo: I do and I have been waiting a long time. I can tell by the questions being thrown to you that we have waited for you all week. Thank you very much.

The Chair: You were waiting a long time.

Mr Dadamo: We waited a long time.

The Chair: You have been waiting for your turn.

Mr Dadamo: Yes, sir, I was.

When I was a little-guy socialist growing up in Windsor, I remember a lot of the neighbours had oil. Looking at it for the first time, it looked to me like it would be a messy proposition. I guess I am wrong. We have had people who have switched from oil to electricity. Are we in some respects going backwards? Are we going full circle?

Mr Francis: The new-generation equipment is here. Our oil tanks do not look the same as they used to, that oval tank, likely, in your mind. We have round tanks that sit up in the corner of basements. We have changed things. I am trying to upgrade my fleets. We are doing all these things. We have better pumping, better control. We need efficiencies in our organization too. But we also need customers and we need to be there and do a professional job while we are there.

We are dealing one to one with the consumer. We mostly know them all by name as they come in to our counters, or their mother or their father. In my business of 60 years, my father dealt before I did and my sons and daughters are in there today. That is the way we survive

and that is the way you find a lot of the industry. Sure, we have the majors like Petro-Canada and Esso Home Comfort centres in Ottawa, and we have various others, but a lot of the industry is built on individual-type firms similar to mine. I have grown a little larger within the market I am in, but there are a lot of them. I was small at one time. I started with one truck in 1959 and I have built it, and a lot of us are similar.

We were there. As I said, a lot of the technologies were there back in the 1950s and 1960s, but at 17 cents a gallon for the product, it was not worth while to build that high efficiency. A lot of the stuff we have today was already on drawing boards. It was there. I say Canadian Oil Heat has done it. We have developed it. It was already there. If some of you go back, there used to be Timken silent automatic burners and there were low-pressure burners and there were various things that mixed air and oil together which were very high-efficiency, but you needed servicemen who knew how to handle them and service them and look after them and this was very difficult. As we go out today and look at equipment, we need to make sure that it is available to be serviced by all technicians in all areas throughout the country.

Mr Dadamo: They say that in order to sell somebody on a particular product, the awareness factor has to be at a relative high. I know you would have many professional people who are doing a good job for you in the public relations department via pamphlets, and I like the idea of the pamphlets because they spell it out quite easily for us. What are you doing with the distribution of this and how are you getting the word out to people?

Mr Francis: The pamphlets you have today are just recently off the press, within the last two to three weeks. I bought 4,000 last week and you got a few of them today type deal. We will see what happens. I am planning to go to real estate people, real estate boards, people who are in the sales of real estate. I am trying to create programs for my organization and in turn I pass it on to Canadian Oil Heat and we do it all across Ontario. I am not selfish. I work for the industry. Oil has been good to me. Anything I have that works for me is known across Ontario through the Canadian Oil Heat Association. We go with things like this. We are doing a marketing program. We will try to talk to real estate people if they want us. We will be writing in real estate magazines. We will be doing everything to spread the news as long as the news is the news that is there, and I feel that folder is fairly factual. I have a couple of comments in a couple of areas there, but they have done a good job on it. I am sure that anybody looking at that likely has a couple of comments, but you have got to take things and try to coordinate altogether and come up with a brochure. I think the Canadian Oil Heat Association has done a pretty good job on those oil versus electricity facts.

Mr Dadamo: Are people relatively comfortable with the idea that there would be oil supply for many, many years, that if they were to make the switch there would be this abundant supply and then they would not have to worry about running out?

1400

Mr Francis: I guess it all depends on world prices, world situations, but I think everyone in this room and everything we do in life depends on that, no matter how sure we are of what. Oil is there today; oil is viable, I am told by vice-presidents and people I talk to in major corporations who deal with fuel oil and gasoline and all that. It will be there. There will be a niche in the market for the fuel oil dealers, so they feel, but they are all just people forecasting.

There are special crews and there are special people out analysing markets and you have got to listen to them. You are listening to us here today to get our point of view and away we all go. We all pick. That is where a lot of my stuff comes from. I am in meetings with some of these people and get the feeling of the market. There are special people out doing it and they come through with it.

Mr Dadamo: It has been an informative hour. Thank you very much.

The Chair: Mr Cleary, since you had only one very short question, please.

Mr Cleary: I will do my best, Mr Chair. Thank you, gentlemen, for your presentation. In your pamphlet here you refer to a 1,200-square-foot house. I think I heard two little bits of different things here. If I were building a brand-new 1,200-square-foot house, what would the best 1992 model of oil installation cost me?

Mr Francis: For Rick to answer this, are we going to give you a standard furnace and duct work? Are you looking at electronic air cleaning, humidification, air-conditioning, the various parameters? What are you going to do? Do you just want a basic oil system, nothing else attached, a high-efficiency type?

Mr Cleary: I want as good an installation as you have.

Mr Francis: If you came to me, I would say, "Do you want some air-conditioning or do you want to just have a basic heating system and that is all you want?"

Mr Cleary: A basic heating system without air-conditioning.

Mr Francis: Humidification? Air cleaning?

Mr Cleary: Yes.

Mr Francis: Air cleaning? Are you going to be in an R-2000-type home, a sealed home? Are you going to have air changers in your system while we are looking at this?

Mr Cleary: Probably, yes.

Mr Francis: Are you ready to pick up on that then, Rick?

Mr McCagg: Bearing in mind that you have contracted with the builder to construct this dream home for you and the duct work is already in place, what we would be doing is coming in and installing a furnace and an oil supply tank for you. To go into state-of-the-art equipment, for a high-efficiency unit vented through the wall requiring no chimney, thus giving you a saving in the construction of the house as well, we would forecast a price, furnace and oil tank connected to your existing duct work, probably in the \$4,000 range for that piece of equipment, including the

oil storage tank. Humidification would add, say, \$150 to that. HRV, if it is an R-2000 home, would be supplied by your builder because it is mandatory under the R-2000 program, so there is no need for us to include that in the pricing of this product. Electronic air cleaning can be done anywhere from \$200 up to the \$600 range, depending on the quality of air cleaner that you want.

The Chair: Good question, Mr Cleary.

Mr Conway: Mr Chairman, can I just—

The Chair: Mr Conway, a committee can do anything it wants.

Mr Conway: I would like to ask a very quick supplementary to Bob Huget's question.

The Chair: You would like to and you are going to.

Mr Conway: I am going to take the direction of the Chair.

The Chair: Go ahead.

Mr Conway: I want to just follow up on the market share in a rural township. Can you guess at or tell me from data what kind of market share the oil business would have in, say, a rural township in this part of eastern Ontario, keeping in mind that I am talking about a township where there would be no natural gas? What would your guess be today, in this 1991-92 season, as to what the oil heating business would have as a market share?

Mr Maguire: I do not have the facts, but as a guess I would probably say, and I think I would be pretty close here, that we would be looking at between 75% and 80%.

The Chair: Gentlemen, I want to thank you very much for your interest in the matter and for coming here this afternoon and participating in the process. Your contribution to the hearing has been a valuable one. We trust that you will keep in touch with your own MPP, and I am confident that the committee will keep you advised, by way of Hansards and otherwise, of the progress of the bill. Take care. Yes, sir?

Mr Maguire: One question, if I may: Mr McGuinty asked for a copy to be mailed. Do you want it mailed to this committee or mailed to you personally?

The Chair: You can mail it to the committee and to Mr McGuinty.

Mr Conway: We are a collective.

The Chair: That is an interesting comment from a member of that caucus.

Mr Conway: I mean the committee: all for one, one for all.

CONSUMERS' GAS

The Chair: Good afternoon. Please be seated. Tell us who you are and your status with Consumers' Gas, and briefly present your comments so that we can engage in some conversation.

Mr Nubel: Thank you, Mr Chairman. I do feel a little lonely up here. My name is Jim Nubel and I am the regional sales manager for Consumers' Gas's eastern region. I do thank you and the committee for the opportunity to address the standing committee on resources development.

Let me start by saying that natural gas represents one of the most cost-effective means of meeting our energy needs. The natural gas industry plays a major role in the provincial economy and helps fuel local economies, providing a safe, secure supply of low-cost energy to the public. As the cleanest burning fossil fuel, natural gas can play a major role in improving the environment, and when used in place of other more polluting energy sources, it serves to minimize some of our most serious environmental problems such as urban smog, acid rain and global warming.

Because of the economic and environmental benefits, natural gas is the fuel of choice for many enterprises, institutions, industries and homes. We firmly believe that this abundant and versatile fuel can play a more significant role in meeting our energy needs in the future. As such, Consumers' Gas sought to put forward its views to the committee on a concept of fuel substitution, one of the key issues addressed by the government in Bill 118.

In particular, I want to address the following areas: First, the role of natural gas and Consumers' Gas in Ontario, and in particular eastern Ontario; second, a brief review of fuel substitution, its economic and environmental benefits; third, I will review some of the initiatives undertaken by Consumers' Gas to encourage greater efficiency and conservation in Ontario; and finally, I will review how the natural gas industry is well positioned to meet any increase in demand for natural gas resulting from fuel substitution and Bill 118.

Consumers' Gas is the largest natural gas distribution utility in Canada. More than one million residential, commercial and industrial customers depend on us for reliable delivery of service. Our distribution network includes Metropolitan Toronto and parts of central Ontario, the Niagara Peninsula, eastern Ontario, western Quebec and northern New York state. Our pipeline network extends more than 22,000 kilometres, delivering about 10 billion cubic metres of natural gas a year.

We are a company of over 3,000 dedicated individuals. Our philosophy is good corporate citizenship and community involvement. By measures such as pipelines or net worth we may seem big, but we have our roots in a heritage of responsible service to meet the changing needs of today's energy consumers. We live and work in the communities we serve, and we have a vested interest in the wellbeing and prosperity of these communities.

The eastern region of Consumers' Gas provides a range of services to more than 136,000 customers in Ontario. As the attached map shows—there is a map at the very last page of the package—the Ontario distribution area extends east to Hawkesbury, north to Deep River and south to Brockville. We service customers in 66 municipalities within the counties of Renfrew, Leeds and Grenville, Lanark, Stormont, Dundas and Glengarry, Prescott and Russell and the regional municipality of Ottawa-Carleton.

Natural gas has been available in this area since 1958, when it replaced the manufactured gas distribution system which had been in place for over 100 years. Today, many different enterprises in the region use natural gas for such energy needs as space heating, water heating, cooking or manufacturing processes.

Here in Ottawa natural gas is utilized in many important buildings, public attractions and hotels. For example, natural gas is used for steam boilers at the Cliff Street heating and cooling plant of the Department of Public Works, which serves many government buildings, including Parliament Hill. In the growing communities surrounding Ottawa, from Orleans to Barr Haven to Kanata, about 95% of new homes and many commercial establishments also use natural gas.

As well, natural gas-fired equipment helps industries in the eastern region produce quality products that are cost-competitive in North American and world markets. In Kanata, sometimes called Silicon Valley North, most high-technology firms use natural gas. These firms produce computers, telecommunications components and systems, electronics for scientific use and satellite systems.

Since 1973, approximately 60,000 customer additions have been captured in eastern Ontario from other fuels. In the past, most of these conversions were from fuel oil. The mid- to late 1970s conflicts in the Middle East and the corresponding oil supply shortages and intermittent price fights caused many of us to rethink our energy strategies. Most of us understood that we had to take some of our eggs out of the oil basket, begin investigating different energy alternatives, and get serious about energy conservation and efficiency.

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During that time, the federal government provided financial assistance, stimulating the substitution of natural gas for oil, both in existing and new markets. This was an early, successful example of fuel substitution and it had important economic benefits for many businesses and citizens in eastern Ontario. Our rate of growth in eastern Ontario is now approximately 8,000 customers per year, and recently there has been a noticeable increase in the capture rate and the requests for conversion from electricity to natural gas. Much of this may be attributed to the difference between natural gas and electricity prices and, in particular, some concern by electricity customers about the prospect of double-digit rate hikes over the next few years to pay for existing generating facilities.

Over the course of the 1980s environmentalists began to demonstrate that our ever-increasing demand for energy of all forms was taking a huge toll on our environment as well as our pocketbooks. Once again, energy conservation and efficiency were cited as key means of reducing the negative environmental impact associated with the use, production and transportation of energy.

Today many energy industries and governments have taken these lessons of recent history to heart and begun to entrench the ideas of conservation and efficiency in both corporate and public policy. Certainly this is true of the Ontario government, which has recognized that balancing energy demand and supply is central to achieving gains in conservation and efficiency. One of the ways this government is trying to foster the wise use of energy is by pursuing a policy of fuel substitution.

The very nature of gas and the fact that the energy is released from natural gas at the point of use makes it efficient. In fact, natural gas is more than twice as efficient to

use as electricity when production, transmission, distribution and end-use losses are all considered.

Today fuel-switching savings are already being realized in public housing facilities across the province. Many of these public housing units, subsidized by the Ontario government, still, however, use electric resistance heating. Ontario's natural gas utilities are working closely with the Ontario ministries of Housing and Energy to convert electric heaters in social housing facilities and to ensure that all new facilities use natural gas. As well, a program offered by natural gas utilities finances capital costs for conversion to gas using the energy cost savings resulting from these conversions.

In terms of how fuel substitution will impact on Ontario Hydro, it is very simple. When the electric utility encourages the use of natural gas over the use of electricity for targeted applications, it will save megawatts and simultaneously decrease its electrical load. This serves the best economic interests of both Ontario Hydro and electricity consumers, because by decreasing its electrical load, Hydro can successfully defer the need for new, large and very costly electricity generating facilities. It will also improve natural gas utility efficiency by improving utilization of our facilities, and society generally through reduced energy costs and reduced emissions from energy consumption.

Fuel switching will ensure that consumers will continue to have their energy needs met and in a more efficient way. In addition, the activity of energy substitution will provide a much-needed economic stimulus to Ontario manufacturers and the construction sector.

There are environmental benefits whenever and however energy is saved. Producing and using natural gas are not without environmental impact, but given our present situation and the unique qualities of natural gas that I described at the outset, including significantly lower carbon dioxide, sulphur dioxide and nitrogen oxide emissions than current electricity sources, it is widely recognized that natural gas can and does play a significant role in combating some of our most serious environmental problems.

As I indicated earlier in my remarks, the overall trend towards the more responsible use in our energy resources started in the 1970s. Certainly you can trace our commitment to the wise use of energy back to this period.

Recent public and government focus on the concepts of sustainable development and environmental protection are not new to Consumers' Gas. Our company mission and goals specifically state that the company will promote the use of natural gas as an environmentally preferred fuel and continue to invest in the development and demonstration of technologies to improve its efficient utilization.

Consumers' Gas has been involved in the research, implementation and communication of energy conservation and efficiency measures for many years. As a responsible corporate guardian of a non-renewable natural resource, the company takes its role seriously. Indeed we have been able to use our high profile in the community to serve as a role model for efficient use and to educate our customers and the public about the benefits and how-tos of energy conservation.

Company research, products and services are all directed towards achieving optimum energy efficiency. For

example, our regional utilization advisers are always ready to assist managers of institutions, enterprises and industries to reduce energy costs, enhance productivity, operate more efficiently and learn about new technology and equipment to meet various needs and requirements. In addition, we have established two highly successful subsidiaries with the mandate to share our expertise with the domestic and world markets.

I am sure members of this committee will not have failed to notice that my remarks today indicate clearly Consumers' Gas's support for fuel switching. Ultimately fuel substitution will benefit the gas industry in Ontario. But more important, it must be judged as in the best interests of the Ontario public because, as I have demonstrated, it will bring significant economic and environmental advantages to the people of this province, its government and Ontario Hydro.

We support fuel substitution and the switching from electricity to natural gas only where it is economical to do so. Within the five counties and the region where we distribute natural gas in eastern Ontario there are still a number of communities where natural gas service is not available. As the demand for natural gas conversion increases, the ability to reach these smaller communities within the economic feasibility of our industry is improving.

Consumers' Gas was able to service Deep River during the fall of 1991 and we are currently commencing the distribution of natural gas to that community. As well, we are now looking at the conversion of a number of communities to the east of Ottawa.

Within the cities, towns and villages where we currently distribute natural gas there are electrically heated homes, and in some cases subdivisions, where all of the homes are electrically heated. We are fully prepared to handle this expansion when we can meet our economic feasibility. However, our ability to service these electric subdivisions and new communities where all construction for the most part in the last 10 years has been serviced by electric heat could be advanced depending on the passage of Bill 118 and on how Ontario Hydro will manage its fuel substitution resources.

Our history of residential conversion indicates that a substantial inertia from the point of economic savings is required to cause customers to change to a different energy source prior to total failure of their current heating plant.

The current differential in energy prices would appear sufficient for the conversion from electricity to natural gas to take place. However, the conversion to natural gas could be greatly speeded up by assistance in the expansion of the natural gas distribution system to those streets and subdivisions where it has not been cost-effective to lay gas lines to date, basically due to the large percentage of electrically heated dwellings.

Let me conclude by assuring members of this committee that Consumers' Gas is well prepared to accommodate an increased role for natural gas in the eastern Ontario economy. There is an abundant supply of natural gas in Canada, it is competitively priced, and there is an excellent pipeline system in place to secure the delivery of a greater volume of gas to our market area.

As well, we have the expertise, supply and service capability to meet any future conversion growth available to us. In the eastern region we have a staff of over 300 and an infrastructure in place where all main and service construction is completed by contractors, all furnace and other appliance installations are completed by authorized dealers and service work to these appliances is performed one half by employees and one half by service contractors.

In the future we hope to continue to work closely with the government, with Ontario Hydro, with our customers, with the environmental community and with all other interested parties to meet our energy needs in a cost-effective, environmentally friendly manner.

Once again I want to thank the Chairman and members of this committee for the opportunity to submit our perspective on some of the important energy and environmental issues facing our province. I would be pleased to answer any questions.

Mr Jordan: Thank you, Mr Nubel, for your presentation, which is certainly informative and interesting. I certainly appreciate the time you are taking to bring us up to date on the improvements in your equipment, the improvements generally as far as the customers are concerned.

I would like, however, to try to stick to Bill 118, which is really the purpose of these hearings. We had some concern yesterday with the announcement that fuel switching was going to take place, and I hope our discussions as we go through these hearings will be heard by the government and will have some effect on its decisions relative to amendments to Bill 118.

You have stated very clearly that due to the service you are equipped to provide your customers and the price at which you can provide it, you are taking on a large number of new customers. Is that correct?

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Mr Nubel: Potentially we can take on a substantial number of new customers, yes.

Mr Jordan: And already the demand is showing up.

Mr Nubel: Yes, sir, it is, very much so; requests from outlying communities and even within Ottawa. We have not completely covered the city of Ottawa; our saturation here is about 85%. We get frequent requests from prospective customers to supply natural gas and we are doing our best to respond to that.

Mr Jordan: Basically one good reason is your competitive price and the type of service you are prepared to give.

Mr Nubel: Yes, sir.

Mr Jordan: Would you care to comment that Ontario Hydro will enjoy fuel switching through the natural marketplace because of the position your company is in?

Mr Nubel: I might best answer that with examples. At this time we are canvassing the communities of Russell, Casselman and Embrun, and that is largely being driven by getting customer requests. But what we have learned is that the majority of those communities are supplied by electricity, and I guess in part the price they are paying for that power is driving them towards an alternative fuel and a less costly one.

I think the other thing, from my experience and what I find, is that many of these communities want to attract business; most that I have come across want to or have developed or have started to develop industrial parks and the like. I think from their experience, if they find companies that are situated in Toronto and want to move away from the big city and come to an outlying community, they are looking to reduce their costs. Obviously they may in fact have been gas customers or they may not, but they know the benefits of gas so they ask for it. The community says it cannot provide it. I guess what I am saying is that by providing an alternative, that has some stimulus to that community to attract more business and grow.

The Chair: We have to move on, Mr Jordan, so one more perhaps.

Mr Jordan: Perhaps my colleague Ted Arnott would like to ask a question.

Mr Arnott: Thank you for your presentation, sir.

The Chair: Mr Arnott is going to ask you one more.

Mr Arnott: On Monday in Thunder Bay the Minister of Energy, the Honourable Will Ferguson, presented to this committee, and I would like to read you a portion of his statement. He was talking about fuel switching, which is of course one of the main parts of Bill 118.

"There will also be savings for the consumer. The cost of natural gas for space heating is about one third of the cost of electricity. Oil costs about two thirds of the electricity cost. Let's say you live in a typical two-storey detached home. Over the life of that home you could save as much as \$15,000 by using gas instead of electricity for space heating. You would save \$7,000 by using oil."

If what the minister is telling us is correct, why on earth should Ontario Hydro or the Ontario government have to provide incentives to people, pay for part of their new equipment, for example, with the \$6-billion program that was announced yesterday? Why is that required? Why is this market pricing not enough?

Mr Nubel: I would say what we are addressing here is market-driven. It is what the marketplace is saying and what the public at large, I guess, is asking for. It is in response to that.

We are a regulated company, so there are some limitations provided by that. As I stated in my address, we are looking more at targeted areas. It should be economic and it should be beneficial to the community. I do not think we are saying we want to go to each and every one. If it is economic and it is appropriate, then we would do it. What we are finding in our experience is certainly the lower-cost energy but the higher cost of providing that service. Feasibility is very hard to attain in some situations. Some support towards that feasibility and attaining that economic benefit then would allow us to get into that community or subdivision. I think that is essentially what we are saying.

Mr Wood: Thank you very much, Mr Nubel, for the excellent presentation you have brought forward to us today. I am just wondering how you would think when we get into fuel switching. I am concerned that Hydro will say now there is not an urgent need for any more large nuclear plants to be built, with conservation and in the future fuel

switching. Some of the savings we are conserving through switching or one thing and another that could be used for economic growth in the province—would there be a problem with using some of those savings that they are not going to have to use on large expansion projects to encourage low-income and poor families or this and that who have electric heating now to get into a system, to encourage them to switch to natural gas or to oil or to wood or some substitute for electric heating or electric water heating or whatever? I just want to know your opinion.

Mr Jordan: This is not a social program.

Mr Wood: You had your turn.

The Chair: Please. Sometimes there are some murmurings around, and it is distracting, but please go ahead, sir.

Mr Nubel: If you are asking whether as a company we would be in favour of using those funds to support expansion of a natural gas system, I guess the answer is yes.

Mr Klopp: Thank you very much, for your interesting comments. You mentioned, I think, that the intent of Bill 118 follows along the lines that any conversions or whatever need to have economical but also environmental advantages. I think we get away from that sometimes when talking about how much the subsidies will be or whatever. But as we are all aware, electricity, until this point in time anyway, has only been produced by changing a source of energy that we have around to electricity. Unless someone has figured out a way to grab that stuff that comes out of the sky, we still have to do that.

One of my constituents said to me, right after I got elected actually, "I hope you guys take on the idea that we just don't have to be sold on nuclear power to produce electricity." I said, "Well, you know, I live in rural Ontario, and we don't have natural gas lines going all over up and down the roads." I do not think economically it is possible; maybe some day it will be. Who knows? But the fact is that we save electricity through power, through whatever, but still need electricity. I will make that assumption. I asked the chap, "What other areas can you look at?" He said: "Natural gas. Build generating plants of natural gas. They are a tenth of the cost." I said, "Thank you very much."

I have you here today. If you have the answer or whatever, I would love to get to this group here over the next period of time that question. He said, "A tenth of the cost." Is that a reasonable assumption?

Mr Nubel: I am not sure of the cost. I am not that close to those kind of projects. But I think what he may have been alluding to was the whole concept of—one of the concepts that I am aware of is cogeneration, where you can use one fuel source to develop thermal energy and electric energy, and natural gas can be that source of fuel. In fact, there are developments in that area now. I know of two projects in the city of Ottawa that will be up and running within the next year using the concept of cogeneration. So he may be talking about displacing or at least providing that energy based on a natural-gas-sourced fuel to produce electricity.

Mr Klopp: I think he was talking about instead of building a Darlington with a nuclear fuel creating electricity, you turn on turbines or something that run on natural

gas. I think we need to hear some of this stuff and find out what these costs are. He said one tenth.

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Mr Nubel: I am sorry, I do not have those kinds of costs in comparative figures but I am sure we could get you something that would give you some indication.

Mr Klopp: I would like to have that stuff, if I could, down the road. We are a committee that works for a number of weeks.

Mr Nubel: I will pursue that.

The Chair: Mr Conway, if you wish you can leave Mr McGuinty some time.

Mr Conway: I shall always be restrained, Mr Chairman.

I appreciate the submission, Mr Nubel. I have two or three quick points. First, in a couple of places in your submission you touch on the constraints you must work with as a natural gas company. That is to say, if I wanted to take one of those communities you mentioned in Russell county or perhaps one of the ones in Lanark or Renfrew that I or my friend Mr Jordan could cite—there was a great deal of enthusiasm out in Casselman—you are just not allowed, as I understand the rules under which you operate, as a regulated company to go willy-nilly and meet that demand. Am I not correct in that?

Mr Nubel: You are quite correct.

Mr Conway: Could you very quickly and generally summarize the Ontario Energy Board rules under which you operate, particularly around economic feasibility?

Mr Nubel: I guess we could call the OEB the watchdog, so to speak, of the natural gas industry. All rates are approved by that regulatory body: the rate of return, and of course, all that falls out of that, the cost of gas, the cost to provide service, those kinds of things to provide that rate of return certainly to our shareholders. To prove feasibility, it must meet those parameters that have been established and approved by them.

Mr Conway: As I understand it, one of those parameters is that existing customers should not be paying for a certain kind of program expansion. Is that generally correct?

Mr Nubel: We have taken the position that existing customers should not subsidize the cost of providing service to new customers.

Mr Conway: Is that a company position or is that a company interpretation of the OEB rule? I ask the question quite innocently.

Mr Nubel: From my experience, I would say that the OEB has taken that position.

Mr Conway: That is my understanding as well. That leads me then to a community in my constituency, and we have in the back row the chief magistrate of that community. He may want to comment on this a little later because we have been involved with the Deep River project, to which you have made reference. That expansion has taken place. The pipe was laid.

Mr Nubel: Yes.

Mr Conway: Was that in the end done entirely by your gas company, or was it done with the expectation of

some assistance under some kind of Hydro or government fuel substitution program?

Mr Nubel: The shortfall was essentially funded in two parts: First, by assistance from Ontario Hydro, and second, a loan charge that will apply to those customers who convert, which in effect will reduce that shortfall.

Mr Conway: Am I right in thinking that the Deep River project is one of the first of a new series of projects under a fuel-switching program that may relate to this current bill?

Mr Nubel: I believe you may be referring to what we call stage 2 feasibility analysis. The initial application we made for Deep River clearly indicated what I would call some problems with the feasibility parameters then in place. That hearing resulted in a subsequent hearing conducted by the OEB and involving all Ontario utilities to evaluate the feasibility parameters then in place and whether there was something that needed to be brought into place to recognize the problems that exist today. That in fact occurred.

When we went back to Deep River we applied those stage 2 parameters. It met the feasibility parameters and we showed it to be feasible, but the OEB took the position that there should be some subsidy or support towards this project from some other source. They did not identify that. They essentially left it to us to determine what that should be and who it should come from.

Mr Conway: That is my understanding, that in the end there were two sources identified: the loan portion you mentioned and some kind of subsidy from Ontario Hydro.

Mr Nubel: We went to all sources we could think of that were reasonable. There were discussions with government. There were discussions with the community. There were discussions with Ontario Hydro when I think at that time there was this movement to the whole question of demand-side management. What we ultimately came up with was, first, this support that was given by Ontario Hydro, and second, the loan charge. We took it back to the OEB. They approved it. We have applied it and it seems to be working quite successfully.

Mr Conway: Do you know out of which envelope that Ontario Hydro support from and what amount it was in the end?

Mr Nubel: To your first question, no, I do not. To the second, it was approximately \$180,000.

The Chair: I do not know what you did to Mr Conway, but he did not leave you very much time, Mr McGuinty.

Mr McGuinty: I was interested in one of the points raised by my colleague. It is my understanding now, and you can correct me if I am wrong, that the natural gas industry is prevented by OEB rules from subsidizing the costs of bringing people who are not on gas on to gas. Is that correct?

Mr Nubel: We have to prove feasibility. For any large project, we have to take that application to the Ontario Energy Board which must approve it.

Mr McGuinty: What comes to mind is the two different approaches that we have here. On the one hand, we have a law governing the gas industry which provides that

you cannot go forward with gas lines unless you can prove feasibility. On the other hand, we have a law here, a proposal in any event, which would have Ontario Hydro proceed with subsidization. Would you know what is the rationale behind that OEB rule which prevents you from going forward without some kind of feasibility test?

Mr Nubel: This could get into a lengthy discussion. It goes back to the whole concept of the regulated company establishing allowable rates of return. It is the whole financial package which is really regulated. I do not know how else I can summarize it without getting into some kind of a deep discussion.

Mr McGuinty: Does it serve some kind of protection for existing customers?

Mr Nubel: Yes.

The Chair: At this point it is my pleasure to thank you for taking the time to come here, for sharing your views with us. As with the other participants, I am trusting you will be kept advised of the progress of this matter and I urge you to keep in touch with your own MPP and with other people who are seated here to have an ongoing dialogue about these matters as they develop through the committee and through the Legislature.

TOWN OF DEEP RIVER

The Chair: We now have his worship Lyall Smith, mayor of the town of Deep River. Welcome. We would like to hear what you have to say. If those comments are put in a sufficiently brief period of time, we will have time for questions and dialogue.

Mr Smith: I am delighted to be here today and I understand I was to have about 20 minutes. I am thrilled to see your generosity.

The Chair: A habit I picked up along the way.

Mr Smith: I will try to be brief. In fact, this short presentation was on the basis that I would have some time for questions.

First of all, I would like to say I am delighted to be here. As mayor of a community which came into existence because of Canada's need to understand and harness the peaceful uses of nuclear energy, I am honoured to have been invited here to speak to this committee, and I hope to contribute to a rational and sensible discussion on Bill 118, An Act to amend the Power Corporation Act.

Bill 118 does very little to respond to current concerns about sustainable—I underline that—electrical supply. It does, however, go to a great length to reflect the policy of the current government of Ontario without regard for its long-term effect on the electrical needs of Ontarians. I see very little need to change the Power Corporation Act. Ontario Hydro works. Its people do an excellent job of using its facilities and resources to provide local utilities and major power users with reliable—again, that should be underlined—electrical power.

What concerns our local utility is that power at cost is no longer the mandate of Ontario Hydro. The amendments proposed in Bill 118 will only exacerbate current costs. In my opinion, unless the provincial government suppresses its desire to make Ontario Hydro a social service agency,

abandons its mission to destroy the nuclear option and begins to look realistically at the long term, the future of Ontario, let alone the future of Ontario Hydro, looks very dim indeed.

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As you have probably surmised, our municipality and local electrical utility are less than pleased with Bill 118 and the direction this legislation would take Ontario Hydro. Given the limited time today, I would like to make the following specific recommendations:

That the government of Ontario lift the moratorium on nuclear power development. This moratorium was implemented by the current government without responding to the serious concerns of Ontario's electrical utilities—and you are going to hear from one in a moment or two—or inviting public debate. This action prejudices the outcome of the current demand-supply hearings—and I do not know why you are here, to be honest with you; it has already been decided—and jeopardizes recent interest by other countries in expanding their existing Candu facilities. The Candu system is an 85% made-in-Ontario product. It is a high-tech product recognized as one of the finest electrical generating systems in the world today. Given the current recession and unemployment problems, I am shocked that members of this Legislative Assembly would sit idly by and watch the demise of this fine Canadian scientific and engineering achievement.

Concerns have been expressed regarding the impact of electrical generation on the environment. All types of generation impact on our environment, some more than others. Nuclear electrical generation is one of the most benign forms, yet we still hear politicians and special-interest groups expressing their concerns regarding the management and disposition of the resulting wastes. It is well known that the wastes are small compared to other sources, very identifiable, and managed to a great extent with existing technology.

I am also pleased to inform you that my community, the town of Deep River, along with other communities in Ontario, is involved in a federally driven process to resolve the disposition of low-level radioactive wastes, particularly those historical wastes around Port Hope, Ontario.

The management of used Candu fuel bundles and their ultimate disposal is currently being investigated. Given known technologies, I am confident that these fuel bundles can be safely disposed of and, if need be, recovered.

Alternative fuel substitution such as natural gas—we have just heard a lot about that—has been suggested as the solution to our long-term electrical needs. While it is true that natural gas will more than likely be needed by Ontario Hydro for coping with peak electrical demands, we would caution against any long-term commitment to this valuable, non-renewable resource being part of the base electrical load in Ontario. Natural gas is an efficient fuel for home heating, cooking and industrial processes etc, but becomes substantially less so when used for electrical generation.

Experience suggests that grants by Ontario Hydro to encourage conversion to other fuels in order to avoid the construction of electrical supply should be discouraged. When this is done, the marketplace itself becomes unrealistic and the real cost is avoided. Grants themselves are a

reasonable method by which governments can assist certain areas in their development, but I feel these grants should come from the Minister of Energy's office, not from Ontario Hydro.

In conclusion, the mandate of Ontario Hydro should be simple and clear. Bill 118 should note that Ontario Hydro's mandate is to produce power in Ontario for all the people of Ontario with due regard for the environment and at cost. Ontario has no significant undeveloped fossil fuel resources and only limited undeveloped hydroelectrical resources, but it does have sufficient uranium to meet our electrical needs for decades. This, with sensible support and accountability by the government of Ontario, will allow Ontario Hydro to provide for the growth of industry and the economic well-being of all the citizens of Ontario for generations to come.

I would be delighted to answer any questions you have. I would like to note that there is an appendix that was given to the Honourable William Ferguson, the Minister of Energy, when he came to our community. We were delighted to have Mr Ferguson there. The brief that is attached is entitled Ontario Energy Policy: Some Comments and Concerns. It was on behalf of the Chalk River branch of the Canadian Nuclear Society and prepared by Dr Andrews of the Chalk River branch. I would recommend you read it. Thank you.

Mr Hugot: Thank you for your presentation. I guess I would want to start by looking at the nuclear situation in the province currently, and particularly at Darlington. If you look at the original estimated cost of Darlington, some \$3 billion to \$4 billion when it was originally thought of, if you look at a cost of about \$13.5 billion so far and if you look at the efficiency of the nuclear system that we currently operate, I am wondering how you could justify the expenditure of the types of dollars that are obviously going to be required for those types of nuclear facilities or any other nuclear facility. By the way, the price will only go up, not down, as we build them up. How can we justify that to the people of the province?

Mr Smith: Perhaps I could give you a little statement about that. This is an article from *Electricity Today* which explains why the Darlington plant cost so much more than estimated:

"Press articles and comments about cost overruns in the construction of the four-by-nine 50-megawatt Darlington plant recently prompted Ontario Hydro to distribute figures to put the estimate of the costs of the plant at \$13.5 billion by 1993 into perspective.

"Since 1981, cost increases have amounted to \$6.1 billion above the estimated cost at that time of \$7.4 billion. However, some 70% of this cost increase is associated with schedule delays and financial policy changes, and the balance is associated with scope changes mainly due to more stringent regulation requirements. Interest charges alone amounted to \$5.5 billion, over 40% of the total. The figures show that the biggest cost increase was in 1983 when the project cost estimate rose by \$3.7 billion, due primarily to the imposed two-year deferral of units 3 and 4.

"When the plant is in full service in 1993, it will produce sufficient electricity for two million people at about

four cents per kilowatt-hour. Ontario Hydro notes that this compares favourably with other new sources of base-load generation such as coal-fired stations."

That is the only answer I can give you and I concur with that.

Mr Huget: Thank you for that opinion, but either way you cut it, they are pretty big numbers.

Mr Smith: Absolutely.

Mr Huget: When you look at a nuclear moratorium that examines the feasibility and possibility of using the energy we have more efficiently and conserving energy in general and look at alternative sources of energy in perspective in terms of being cost-effective and able to deliver the energy we need in the province, I think it is a sound decision.

The second thing I want to ask you is, how do we deal with the environmental issue, particularly with something that has about a 500-year half-life?

Mr Smith: First of all, I disagree with you. What happened yesterday is not a good decision. As I said, I think it is very poor. Just two years ago, we had a supply-demand hearing where we were looking at things. It has all been usurped by government, which has decided: "To hell with you people, the public. We don't want to hear from you. We'll decide for you." I am a Hydro commissioner. It is my phone that rings, not yours, with all due respect. I am the guy they are going to be calling when the lights go out. You fellows will be long gone. So I am just upset about the whole idea.

We, the Municipal Electrical Association, who are behind us here, are trying to tell you something, but you are not listening. You are on to issues like the \$9 billion, which everybody thinks is a lot of money—and it should be—but I suggest to you, what are you going to do in the year 2009 when you decide you do need nuclear and it is going to take you another 14 years to produce a plant? What is that \$9 billion going to look like? I suggest to you it is going to be a lot more, and where are you in terms of the Ontario economy and everything else by then?

I think it is very shortsighted. In fact, I am shocked that this decision has been made. Ontario Hydro is under the gun of the province and so it should be, but not to the extent where now you are telling them what to do, unless you people are Hydro commissioners. Are you? Are you experts? The MEA is here. I will let them speak to it. I am very upset about it. I think it is very short-term planning and politically astute. I would agree with you. Everybody is out to save money. God knows, I run a little community and I am trying to save a buck too, but I think you have to look a little beyond two years and that is all you have been looking at.

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I am very upset. I do not think you can sit here today and discuss a \$9-billion saving. I think you might be looking at a lot more than a \$9-billion saving; you could be looking at billions of dollars in lost costs. I mentioned the fact that this is an Ontario product. Why are you people not out promoting it? We just had, I understand, Wolsong 2 and 3, two more units for Korea.

Mr Klopp: How much were they subsidized by the government?

Mr Smith: Realistically, what are you going to tell the people who produce these things, Babcock-Wilcox, the plants in Arnprior? Sure, Canada has always been involved in some international trade and it is good business, unless you want all your people unemployed.

Mr McGuinty: Thank you, your worship, for making the trip into town on such a cold day. I really appreciated your comments with respect to the kinds of dangers we can get into when a government, any government, begins to tinker with Hydro. There is no doubt that Hydro has its failings and in the past those have resulted, in retrospect, in rates which were not really justifiable. As a ratepayer—and I think that is who we have to keep in mind here—whether I am mauled by a wild Hydro tiger or by a tiger that is tame, under the control of the government, it does not make any difference to me. A mauling is a mauling is a mauling.

Mr Smith: I think it is called mugging.

Mr McGuinty: A mugging is a mugging is a mugging. Again from my standpoint as a ratepayer, what is it you think should be done to ensure that my rights will be kept first and foremost in the minds of the board of directors of Ontario Hydro and in the minds of the people sitting in the Legislature?

Mr Smith: Thank you for that. I think, despite my great support for the nuclear option, I could concur that Hydro needs to be constantly monitored. I talk about terms of the MEA—we love to kick them around; in fact, we are entitled to it. Some 70% of the power bought in Ontario is bought by the utilities and the other 30% by the major power producers. I think we have a right to give Hydro a hard time. You have a responsibility to keep an eye on them. There are a lot of problems in Hydro. We all know about how well they are paid, for example. I think all of us concern ourselves about the costs of running this utility. I think Hydro itself is very concerned about it.

But on balance you have to realize that they have a responsibility to ensure that the province of Ontario has a good supply of power, and to that extent you are going to have to meet them halfway in terms of their costs. If you studied the problems they are having now, you would know they are more of an engineering type. Everybody's whipping boy is Darlington. There are some engineering problems there, and they are getting there. I understand Darlington II is at 80% today. There are problems in terms of the actual technology and in fact the costs of that are what happens when these things are not properly researched in terms of their own engineering. The best-laid intentions of the utility can come down and hit them. It is not only in the nuclear field, it is in the coal field, hydraulic problems and the whole thing.

To answer your question on accountability, and I think that is what it was, I think the Ontario government should play a major role in keeping an eye on it, but I do not think you want to take that extra step and tell them how to do their business. If you are concerned about the costs, their employee costs, their downtime, why they are not more efficient, that is a constant role the government of Ontario

can play. You will avoid the muggings you seem to get when these Hydro costs and the utility rates go up. I think you have to keep a better eye on them, but not to tell them how to do it to any great extent.

Mr McGuinty: On a related matter, you made reference to the revisions made to the demand-supply plan yesterday. What do you make of this business? I think it was just two years ago that Hydro said we would need 10 new nuclear reactors by 2014, that we would have to build the first one by 2002 and that our conservation estimates were, I think, around 5,700 megawatts. Two years have now passed and we are apparently able to save some 9,900 megawatts. We have been able to defer construction of any large generation facilities by some 17 years.

Mr Smith: Do you believe that?

Mr McGuinty: I have some serious questions about that.

Mr Smith: So do I. In fact I have not seen how they arrived at this. The chairman, Mr Eliesen, made these announcements to that effect. I would love to look at those figures. I do not know where they are coming from. I am not suggesting he is wrong either; I just do not know if they are correct. On the fact of conservation, if I could just mention that for a minute, we in Deep River have done some very unique things, as you might expect from our community, including getting some natural gas. I might point out our community currently is 62% electrically heated. There are not too many in Ontario who can claim that.

The savings we manage to incur at Deep River are strictly passive. I hope you know what I mean when I use the word "passive." It is not a social change we are asking you to do. We are controlling your water tank. If I turn off your water tank for an hour during the peak period you are not likely to hurt me, but I tell you, you will get very aggressive with me if I turn it off for more than an hour if you are using a lot of water. You want that to come back on. Those are passive things. This is done by FM load control, frequency modulated systems that effectively code out and turn off the unit. That is sensible and that is passive.

But I have not come to tell our residents they have to do their washing at 11 o'clock at night. That is what is going to come down the pipe here and that is what you people had better be prepared for, because I think we saw Ontario Hydro saying just less than a year ago, "Whoa, folks, we've got a power peak problem here." Do not be misled by numbers, because I think you have a responsibility to look at that.

Conservation: I think it has been mentioned that it is a law of diminishing returns. You can get so much and now you are dealing with an inelastic kind of economics. It is like cigarettes. There is a point where you can tell people to conserve and conserve, and then finally they will fall back to their bad habits. I wish it were otherwise, but that is what happens.

It is not that this is new; it is not new. It has been tried in England, it has been tried in the southern United States. We are well aware of some of these more socialistic changes where they would all fall back and, "Price will get you so much," but people ultimately want the damned

light to come on. If it does not, you are going to have a problem. I would suggest you look carefully at the numbers. I am not suggesting they are not true at the moment; I just do not know.

I think one of the reasons they are saving is that when you whack the rates up by 12%, people will be a little bit more astute. How long you can get away with that I do not know, but I do think, though, that the cost of power is not something where you can say, "If we threshold it out at a certain price, people will use less." I think people expect it. It is a very essential utility. I do not think you are going to get a lot of savings beyond the point of a threshold and then they will fall back to their old ways.

I do not know if I answered your question.

Mr Conway: I have rarely seen my friend the chief magistrate as exercised. I certainly commend him for the vigour and pointedness of his presentation.

I want to come back to one specific point, the Deep River fuel substitution proposal, about which I want to know more. I do know something, and I certainly want to commend the community there, because this was a situation where I think there was a lot of interest. The natural gas pipeline runs right by your door. It is in fact being double-tracked as we speak.

Mr Smith: That is correct.

Mr Conway: It was not felt to be very fair not to have any access to that. I am interested in what happened there. You may not be able to help me beyond what Mr Nubel did. I just want to say that for the benefit of the committee, I hope people understood what the gas company representative said here. It is no secret to anyone who knows anything about how the gas industry is regulated. The OEB has made it plain that new customers cannot be brought on at the expense of existing customers.

The great, delicious, perverse irony for me in Bill 118 seems to me to be this: I am one of Consumers' Gas's customers, so I want to put my interest right on the table. I made my switch a few years ago.

As I understand it, the gas company, which will to some considerable extent benefit from the fuel substitution policy that is part of this whole proposal, which will be made possible in part by increased hydro rates, part of which will go to pay for this off-electric program, if the situation were reversed, could not itself do that. If we as a Legislature tried to increase the gas rates, a part of which would go to expanding electric use, the gas company would be hauled before the OEB and told that this could not happen under the existing rules. But under the plan we have before us, the policy that is part of Bill 118, the gas company is going to benefit by a fuel substitution program that is going to be paid for in part by increased hydro rates.

My question to you is essentially one I asked Mr Nubel, who indicated that some \$180,000 of Hydro money was paid to bridge the gap that the OEB indicated was there in terms of the Deep River proposal. Do you know out of which Hydro envelope that \$180,000 comes, has come or will come?

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Mr Smith: I think I should table for the committee the resolution of the town of Deep River. Would you like to see that? You must understand that I have not seen \$180,000 of anything, to begin with. That was to come to the corporation, if it went anywhere. I should say that Consumers' Gas are good people who really tried desperately to find a way of assisting this marginally uneconomical community in terms of providing it with gas. Is that not a nice statement? "Marginally uneconomical" in the sense that the payback period to meet their criteria was not there over a period of time. As you know, capital installations have to be paid back or the Ontario Energy Board says, "No, you don't get it."

They did try everything. I admired them for their tenaciousness. They really stuck to it. We think very highly of consumers in our community. As I said, a 62% electrically heated community will get you a little action somewhere else. The answer was to try to get some method of assisting the town of Deep River, for all the reasons Jim said to help our competitiveness for us to attract those industries that require that. We hit a stone wall. The Minister of Energy: no. The federal government: no. These were grants of course that went to southern Ontario when there was the off-oil program before and people switched to gas. We could not get them.

There was some chat about whether Ontario Hydro could help. As you know, we argued, as we all have and as they do, that a kilowatt saved is a kilowatt you do not have to produce. To some extent there was some effort to try to offload that electrical loan, thereby saving construction costs for Hydro. It made some sense. The problem was that we were having difficulty as a community or as a council even to say should Hydro be paying that or should it not come as a sort of direct grant from the Ministry of Industry, Trade and Technology somewhere. But it has not come, to answer your question.

Mr Conway: That money has been identified, but to the best of our knowledge it has not been paid over yet.

Mr Smith: Unless they know more than I do, I have no answer to it. If I could reflect on the position of the president, I do not think I am going to see it tomorrow either. I think they are having difficulty with it. I think the oil industry out here is probably one of the reasons. How do you treat the family, in all fairness? The only upside of that whole problem to try to get this installation successful is that the community itself has attracted more conversions than I think even it expected. That is done because of price alone.

Mr Arnott: Thank you very much, Mayor Smith, for your fine presentation. The first question I have is with respect to the issue of accountability. The government keeps telling us that Ontario Hydro needs to be more accountable to the government. If Bill 118 talks about policy directives, it must be binding. Do you think Ontario Hydro should be more accountable to government?

Mr Smith: Yes, I think so, simply because of the dollars they seem to be expending, the interest charge and everything else. It is a great worry to the Legislative Assembly, and I think it should be. I think a lot of that can be

done with the last part of my speech in terms of just being a little bit more attuned to your concerns. They are not a law unto themselves. I know there was an old expression. My historical reference just disappeared here a moment ago, but Sean would tell you there was a famous chairman who said to the Premier of the day, "You run the province, I'll run Hydro." I do not know who he was; I can't remember the name. I thought it was rather indicative of that kind of arrogance.

We, as member utilities of the Municipal Electric Association, are very concerned as well. I think one of the points this group of legislators should realize is that in the last 10 years Ontario Hydro only hit its projected costs once, as I understand. That shows you to some extent the kind of problem we are having, where it is difficult, as someone said, to project these costs to project revenues and sales. To some extent the MEA has said every year that is happening.

Darlington seems to be the whipping-boy. Let's be honest about that, folks. Let's be honest with the public. There have been costs in the rate increases in the the last years for Darlington. It is not new. Hydro knew it was going to have to pay the bills. The MEA would have liked to have seen a little bit more on that bill, but it has not. They do not really listen to us either. I will let my colleague speak more to that. It is just not reasonable to let Hydro go do its thing without somebody kicking it around and saying, "We have a right to do that."

Mr Arnott: Can you describe the effect on your community if the nuclear moratorium is continued as it has been projected?

Mr Smith: I even hate to surmise that because I think if I were to say something negative at this point, everybody would say, "There's a very positive mayor, isn't there?" I think I would look at the positive side. We of course are a research and development community, and I think we have a role to play. We will constantly have a role to play.

Someone seems to think that now you have developed Candu there is nothing else. Gentlemen, there is something else. You constantly have to keep improving your technology. Fortunately in the business I am in I get paid to say, "I told you so," and I think to some extent that is what the research and development about this industry is. Our striving for excellence, striving for continuous quality, is to force more research into improving these things.

I am very proud of our community. When NASA comes to us to ask how to put it back into space, that is quite an honour for a little group of people in the hinterland of Ontario. So I think we have a role to play. I think the research that goes on at Chalk River, which is the primary industry of our community, will continue.

I am worried, though, about the larger question for Ontario, which is what is going to happen to this industry in Ontario and what is going to happen to Candu right at the moment. As you know, the Candu 3 program, which is the next generation, is being actively sought by Saskatchewan. It now sits in Mississauga. I do not know why the government of Ontario is not jumping up and down about that and trying its best to keep it at home. I do not think

people want to move. Saskatchewan is a nice place, but I think Mississauga is quite nice too.

The point is that we will continue to play a role. I wish it could be a more active one because I think we like solving problems. In fact, the reason we can solve them is that the scientists and good people at Chalk River are there because they are excellent in their science worldwide. They are just not waiting for our Darlington problem. The fact they can solve a Darlington problem is because they are there. If they are not there, where is Ontario? Where is Ontario going to be when it wants a reactor down the road? The Yankees are going to be around, I am sure. The French are expanding their program. The Swedes have discovered they cannot do without it. In fact, there has been no real technology breakthrough for the last 50 years.

Despite all the questions you may have about natural gas and oil, those are very transportable energy supplies. They are excellent for their applications, no question about that.

Uranium reactors—and do not call them nuclear reactors—are uranium-fired boilers, that is all they are. It is the same process, whether it is coal-fired or what. I think the greatest thing you could do as a committee is to try to educate the public in the fact this is not something to worry about. You are sitting, all of you, kicking off potassium 40 if you had a banana today. Ontario has spent a lot of money trying to explain this. So please help me and we will all help ourselves.

I think Ontarians are pretty bright people, but the way they react to some of this, you really wonder whether we wasted money on them. It is something that the public has just got to sit down and say, "This is nothing to be afraid of," and it should not be. But the media will not listen to me because I have grey hair. I am not an anti-nuke, so they are not going to listen to me. I do not know where I am on this question, but I feel badly that we just seem to be putting this province down daily and nobody is standing up and saying, "Enough is enough." I expect you gentlemen to do that.

Mr Jordan: Just two quick questions, your worship.

Mr Smith: I will try to answer them.

Mr Jordan: Certainly I also want to express my thanks to you for coming from Deep River today to make such an informed presentation for this committee, because you do have the information. You not only have it academically, but you have it by actual experience from your location. This question, I hope, is fair. Do you see any need for this Bill 118 other than to smother nuclear development?

Mr Smith: I think we are here to be honest and frank with each other and I will be perfectly frank with you. We have had some very distinguished members of the Legislative Assembly come to our community. I mentioned that the minister, Mr Ferguson, was there. Prior to that, we had members like the Minister of Labour, Mr Mackenzie, Mr Charlton, very fine gentlemen all of them. We cornered Mr Mackenzie and Mr Charlton in the legion hall in Pembroke in a snowstorm. They could not go too far. We asked Brian in particular: "Are you people anti-nuke? This is a labour movement, this is Local 1568 of the Canadian Labour Congress, and we want an answer." Brian seemed to think

it had a role to play, but he would not go so far as to say he was anti-nuke.

The perception we see in terms of party policy of the government of Ontario has been that the tablet was engraved in stone many years ago, it has come down from the mountain and all members who are New Democrats have to say, "Yes, we're anti-nuke." The public's perception and our community's perception is that we look upon Bill 118 as a bill to put down the nuclear option.

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Mr Jordan: Would you care to give an opinion on the \$7-million programs?

Mr Smith: I would love to.

The Chair: I think he is inviting you to.

Mr Smith: There is an ad on radio and television, and you have all heard it, which says, "Brought to you by Ontario Hydro and your local utility." I never had a damn thing to do with that. I deny having any need for it. In fact, that is the greatest waste of money I have ever seen. To answer your question, we are offended that Ontario Hydro would say, "Brought to you by Ontario Hydro and your local utility." I do not know who brought you that program. Did Ontario Hydro do that or was it the government?

Mr McGuinty: It is hard to tell.

Mr Smith: Realistically, it has not been good economics. In fact, a lot of those bulbs went into 40-watt fixtures rather than 60-watt as they were intended. I think this is the type of program we are talking about, where you get away from these decisions that seem to say, "Boy, we're going to force this conservation on people whether they want it or not." I am all for education, but it has to make sense. It has to be gentle and, more important, well informed, because this kind of thing can destroy any future conservation program. That is what you have to watch. That is where you people have a role to play, to say, "Come on, get sensible here."

The best way to get people to switch off electricity is to train them, "At 5 o'clock, do us a favour." Either that or we will have to be more passive, we will have to do more load control. We can do that. We can take 1.5 megawatts off a 16-megawatt peak with 75 or 80 controllers. It is not a new technology. My Lord, that is frequency modulation. Anybody can do that.

Watch the programs because they are deadly. People are quick to see that it is foolishness.

Mr Jordan: There is \$6 billion slotted for this type of program. There are different ones they have under test, so-called, at the present time. That amount of money, \$6 billion, is being allotted for conservation programs. One comment that was made to me was that it was impossible to use the money allotted for 1991 in any sensible manner, but that was still the directive. That money was there for that purpose.

Mr Smith: Yes. We have ideas on how to conserve electricity. The MEA has some very good ideas. I wish the government would listen more to the utilities and the major power producers, especially the major power producers. They are worried sick, because they see these

kinds of programs doing nothing more than delaying the day when we will have to get some more power.

You will notice that I emphasize "in Ontario" and "for Ontario." We all exchange power, from Quebec to Manitoba to New York state, but realistically, what was so damn terribly wrong with having a 25% subsidy? The rates were low, we sold the power and now we are going to run on the hairy edge. It is like driving your bloody car down the middle of the road, feeling very comfortable. Now you have decided you are going to drive on the shoulder. You are not far from the ditch, so watch this one. That is not to get you excited; that is just the reality.

Mr Jordan: Going back to your controllers for a minute, you will probably start to control your baseboard heat the same as you control your water heat. It is quite feasible to do it.

Mr Smith: That is more than passive.

Mr Jordan: I realize that but—

Mr Smith: That is where you are now starting to turn your heat off at night. We would prefer not to do that.

Mr Jordan: No, but I mean the short time.

Mr Smith: Yes, we could do that for a few minutes. But that becomes more and more difficult, if you follow me. Sorry, Mr Chairman, I have probably taken your time.

The Chair: No apologies, Mayor Smith. We want to thank you for coming and expressing your views. You have not hidden your light under any bushel, that is for sure. You have been most articulate in letting us know where you stand on these issues, and you have been helpful. We appreciate your involvement and I trust you will keep in touch with various members of the committee on this issue and others.

Mr Smith: I would like to compliment you, Mr Chairman, and all of you. You have been very well behaved. I do not know why you cannot do that during question period.

The Chair: It is the provocation that inevitably erupts.

OTTAWA HYDRO

The Chair: The next participant is Ottawa Hydro. Come on up here, please, sir.

I want to explain once again to people that we have gone well beyond the original time periods scheduled for participants. If that has interfered with the agenda of anybody left to make a submission, please let the clerk know right now. The reason we have done that is that the dialogue appears to have been particularly valuable and none of the members of the committee raised any objection to that. All members of the caucus have engaged in the extra time frames permitted for questioning and really, by estoppel, they have demonstrated their eagerness to sit until 5 o'clock or 5:15 tonight, as compared to merely 4 o'clock. If committee members wish otherwise, they should instruct me in that matter and demonstrate their eagerness to participate in the time frames provided.

Mr Kropp: I am Carl Kropp. I have been in this industry for 34 years. The first five were spent working with a utility in the province of Quebec and the last eight have

been spent as general manager and chief engineer of Ottawa Hydro. I spent 12 years as well during that time as adjunct professor in the faculty of engineering at Carleton University. Professionally I am a member of the Association of Professional Engineers of the Province of Ontario and the Institute of Electrical and Electronics Engineers. As well, I am the past president of the Municipal Electric Association and currently vice-chairman of the Canadian Electrical Association.

Against that background, I will move directly into my brief, whose purpose is to basically support the position of the Municipal Electric Association in two areas, but first I would like to give you a very brief introduction to Ottawa Hydro.

Established in 1916, the commission today serves 133,000 customers in the city of Ottawa, the city of Vanier and the village of Rockcliffe Park. Peak demand in 1990 was about 805 megawatts, down from 845 megawatts in 1989. This reduction in demand was due to unusual weather patterns, the recession and energy management on behalf of our customers.

The commission supplies some 26,000 electric space heated customers, notwithstanding that we did not actively support the Ontario Hydro "Go Electric" campaign of the early 1980s. We have picked up our share of the off-oil conversions. I believe that to some degree this reflects the confidence of our customers in the commission and the hydro system in general in Ontario. About half, that is about 65,000 of our customers, heat their domestic hot water with electricity. Of these 65,000 hot water tanks, some 35,000 are owned by Ottawa Hydro through a rental program.

In particular, I would like to bring to the attention of this committee that for a long time Ottawa Hydro has had as one of its objectives "to promote the wise and efficient use of electricity throughout its serviced territory."

Now let's get on to Bill 118. In legislative drafting, the issues and the words are chosen with great care so as to achieve some particular objective. As such, I agree with the MEA when it flags government directives to the Ontario Hydro board and fuel substitution incentives.

In respect of government directives to the Hydro board, under the proposed legislation the government can order the Hydro board to carry out all government directives and it thus makes the Hydro board unaccountable for the consequences. No restrictions are placed on the government's directives to the Hydro board. Clearly this is unacceptable.

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As Mr McGuinty, our local member for Ottawa South, who is sitting here, said so eloquently in the Legislature on September 23, "Without any kind of restriction, this government could order Hydro to build an amusement park, fund cancer research, make a contribution to the government pension fund, give money to any body or group of people, all of which have nothing to do with supplying electrical power to ratepayers. In short, without restriction government can effectively change Hydro's mandate in a blink of an eye, and without the change being subject to debate in this House. What it really means is that Hydro's traditional and cherished mandate, that of providing power at cost, is being threatened."

The fiduciary responsibility of the board to the electricity consumers, who are essentially the shareholders, will be bypassed. Simply put, the board is authorized to act in a way that may not be in the best interest of the electricity consumers in Ontario. In my view, the principle of fiduciary responsibility of the board must be respected by the legislation.

It is my understanding that the Minister of Energy has reacted to these issues and has assured the Municipal Electric Association that under the changes to Bill 118 any policy directives issued to Ontario Hydro will not be able to change the mandate of Ontario Hydro. Further, any policy directives issued must be consistent with Ontario Hydro's mandate under the Power Corporation Act. These are critical issues and if the revised legislation falls anywhere short of the assurances given by the minister, there will be a massive protest, I am sure, from the municipal utility commissions on behalf of their customers.

Next, fuel substitution incentives: the present act prohibits Ontario Hydro from lending money or providing incentives or assistance for the conversion of electric space heating systems to other fuels. Removal of this clause is of significant concern. Apparently, the government has already made up its mind that Ontario Hydro will provide incentives for switching off electricity.

On September 23, the Minister of Energy said in the Legislature:

"Hydro will be able to provide incentives to promote the substitution of other forms of energy for electrical energy where it benefits the corporation and the customer.

"This will lead to fuel switching away from electricity in cases where the market would not make the switch occur but where it is cost-effective in the long run to do so."

There is perhaps some comfort in the words "benefits the corporation and the customer" and "cost-effective in the long run." However, given the perception that the government is determined not to commit to a major new supply and the dictatorial powers discussed above, this comfort level is simply not adequate.

Fuel substitution is a complicated matter with many unknowns, as anyone who has attempted to draw up an economic balance sheet or an environmental balance sheet knows. Ten years ago, the federal government provided an incentive for conversion of oil to electricity or gas. Obviously to include electricity was not a wise choice, which simply underscores the complexity of the fuel substitution issue.

Market forces are already acting strongly in favour of fuel substitution without incentives. In 1991, Ottawa Hydro, in its rental program, lost 1,354 hot water tanks to gas, up from 788 conversions the year before. You might note that we rent about half the hot water tanks within our serviced territory, so if you scale this up, it means that some 2,500 hot water tanks went off electricity to gas in 1991 and probably some 1,500 the year before.

Further, my calculations show that for the conversion of space heating from electricity to gas, the customer will benefit after four years without incentives. Already, consumers are reacting and making the change.

Let me just quote to you from the paper just given by our associate here from Consumers' Gas, where he says:

"And recently, there has been a noticeable increase in the capture rate and the requests for conversion from electricity to natural gas. Much of this may be attributed to the difference between natural gas and electricity prices, and in particular some concern by electricity consumers about the prospects of double-digit hikes over the next few years to pay for existing generating facilities."

Market forces are acting very nicely, thank you.

In addition, when you talk about space heating conversion, we just did a study on the office building we occupy and if we change our electric boilers to natural gas, we will save \$65,000 a year and get a 2.15-year payback. Again, thank you very much, market forces are really being quite effective, so why does a minister leave the impression that Ontario Hydro must pay incentives?

Another question: Why should Hydro pay the incentives in the first place? The gas utility or the oil company will also see a benefit through increased sales. Should the gas utility or the oil company not pay all or at least some of the incentives if an incentive has to be given? Is the reason that the government can more easily control Hydro? If Hydro pays the incentive, not all customers will benefit to the same degree. What about the customer in areas where gas is not available? What about the customer who is reluctant to have gas in his home? This was one of the factors which influenced some of our customers during the Canadian oil substitution program years to switch to electricity. Simply put, if Hydro pays an incentive for off-electric conversions, it is impossible to level the playing field from the customer's perspective.

The playing field is also not level from the utility perspective. In Ontario, all hydro commissions, by statute, have an obligation to serve. Accordingly, a municipal utility could be faced with a significant investment to supply an all-electric load, only to find that the load is converted off electric in a couple of years, possibly with an incentive when gas becomes available. The imbalance here is that the gas utility does not have an obligation to serve and it seems only reasonable that the government should undertake to extend the obligation to serve to the gas utility to help level the playing field. Indeed, that discussion has come up a couple of times already this afternoon.

The committee should also note that with off-electric conversions, the electricity rates will probably rise in the short term. The municipal utility will have to write off the sunk costs of plant, which are uneconomical to recover, against declining revenue. Also, apparently Ontario Hydro has sufficient capacity to supply the provincial load to the year 2000. Accordingly, there will be no avoided supply costs so there is no credit for avoided supply. Essentially then incentives, if granted, simply aggravate this situation.

Finally, the environmental balance sheet remains to be worked out. At the end of the day will CO₂ and NO_x emissions be reduced? Certainly if we cut into the nuclear base I suspect not.

In summary, Hydro incentives for off-electric conversions are questionable and it is a concern that the minister may have already made up his mind. I hope this committee is in a position to encourage the minister to keep an open mind on the issue of incentives and fuel substitution.

The Municipal Electric Association has a task force working on fuel substitution of which I am a member. I can assure you it is not a simple issue. In the meantime, before the reports of the association and of Ontario Hydro are completed, it would be wrong in my view to assume that fuel substitution incentives is a sweetheart solution to the demand-supply equation.

Finally, then, if I may summarize all the above, first, the principles of fiduciary responsibility of the Hydro Board should be respected. If the government insists on issuing directives, the legislation must assure that such directives are consistent with and limited to Ontario Hydro's mandate under the Power Corporation Act. Also, any such directives should be finalized only after public consultation.

Second, if the clause which prohibits Ontario Hydro from providing incentives for off-electric fuel switching must be removed, let's not assume that the off-electric incentives are first of all required and second that fuel switching with incentives is a sweetheart solution to the demand-supply equation. I am saying there are market forces that are acting very well.

Also, and finally, help to level the playing field by giving the gas utility the obligation to serve, as is the case for the hydro utilities. Simply put, if it makes overwhelming economic and environmental sense for an end use to be served by gas, then it should necessarily be so.

Mr McGuinty: Mr Kropp, you probably know that my office has been attempting to make an appointment to see you for some time. Perhaps we can engage in some kind of discussion here and now and postpone other elements until later.

Mr Conway: Happily you are reading each other's speeches.

Mr Kropp: He is also my neighbour, so be careful.

Mr McGuinty: Mr Kropp, how long did you say you have been involved in the energy field?

Mr Kropp: I have been 34 years in the utility industry.

Mr McGuinty: I am heartened by the comments you have in here, and to know that someone with 34 years of experience in your field has some reasonable doubt about the approach being taken by Hydro and the government with respect to the new energy policy. We are being told that Bill 118, and particularly fuel substitution, will be a good thing for existing ratepayers and that even if I do not have access to an alternative fuel my rates will somehow benefit as a result of this fuel substitution program.

I am just a recently appointed Energy critic. I have only been here for one year and prior to that my closest association with electricity was when I paid the bills. My concern is that it seems to me we should have some type of empirical data, some kind of scientific explanation, to account for the opinion held by the minister and by so many people whom we might call "environmentalists." There is no doubt that energy conservation is a good thing. It is an idea whose time has come. We are wont, I think, to embrace that kind of concept without reservation, perhaps because it is somewhat fashionable. But I feel we in the Legislature have a responsibility to ensure that if we are going to get into fuel substitution, we had better make sure

we have all the facts before us. Hydro is making this projection now. As I have said several times, they have been known to be wrong in the past and we ought to explore it. Would you care to comment on that?

1530

Mr Kropp: As I said near the end of my presentation, I think it would be very wise to wait for the Municipal Electric Association's findings to come out, and also those of Hydro and perhaps those of the minister, because I think there you will get the best opinions available in the province on this whole issue. At the association we have been working quite hard on this. It is no simple task, I can assure you, and we have really just started into the study now and are collecting a lot of information. Rather than pre-empt what I think the results of that study might be, I think it would be better to wait for that as clear evidence.

Mr McGuinty: When do you anticipate having that ready?

Mr Kropp: I hope we would have it out in a couple of months, maximum.

Mr Jordan: Thank you sir, for taking the time to come and give us an informed presentation. I am sorry I was absent for the first part of it. My concern with these hearings and with Bill 118 is that the government seems to be moving ahead not only before it hears from the Municipal Electric Association, but before this committee has actually been able to function and write its report. Do you have that observation?

Mr Kropp: Indeed I do. That is why I said my concern with the removal of this clause on incentives has to do with the fact that it appears as though the government and the ministry have already made up their minds where they want to go. I have some difficulty with that because it is not a simple issue and I think we have to be very careful.

Mr Jordan: Have you seen the revised—

Mr Kropp: I have not seen that. I just received it today. I understand there is a statement in there to the effect that they will proceed with fuel substitution, with incentives.

Mr Jordan: That is my understanding.

Mr Kropp: I have not had a chance to read it, but that is the concern I have with the removal of that clause. It seems that somebody has already made up his mind.

Mr Jordan: That is my concern as a member of this committee, because to me that document, the larger one, is an official document that is being presented to the environmental hearings in Toronto, and now it is no longer dependent on the Power Corporation Act; it is dependent on the Power Corporation Act as it is to be amended through Bill 118. To me there is some conflict here.

Mr Kropp: I agree, and indeed, as I say in my presentation, I hope this committee will have some influence on the minister. That is about the only opportunity we have to speak to the government at this point in time, at least people like myself out here.

Mr Jordan: The other point that comes to my mind is the commitment that any directives issued to Ontario

Hydro will not be outside the Power Corporation Act. Are you in MEA and we assuming that these directives will be within this Power Corporation Act or within the new one as amended by Bill 118, which allows fuel substitution, which allows incentives, which allows the many things that are questionable?

Mr Kropp: I would assume within the Power Corporation Act you hold in your hand. Let's be clear. I am not against fuel substitution. I am saying let market forces prevail.

Mr Jordan: Exactly.

Mr Kropp: What I am against is automatically saying that incentives are a good thing. I am also concerned with the level of the playing field we are dealing with here.

Mr Huget: I want to touch on a few of the points you have made. On page 2 you quote Mr McGuinty, my learned friend from Ottawa South, and you refer to how the "government could order Hydro to build an amusement park." First of all, I regret very deeply that my colleague chose to use those words in the House. None the less, I think you know that there have been amendments proposed directly as a result of discussion and dialogue with the MEA. My understanding is that those amendments have alleviated that concern. Am I right or wrong on that?

Mr Kropp: I do not think you are either right or wrong. We have not seen the amendments. We have only seen assurances by the minister which he repeated in Thunder Bay. The point of this presentation is to say that if the legislation he brings falls anywhere short of that, the protest is not gone; it will remount in vigorous terms. I am not saying that to be threatening or anything, I am just saying that is a fact of life. We appreciate the assurances by the minister, but I guess I am waiting to see the package delivered.

Mr Huget: I think you would probably support the view that after a discussion with the MEA and after assurances over the last few months any number of times, your concerns are being considered carefully and he has committed to alleviate your concerns. Would you not agree with that?

Mr Kropp: Yes. I commend the minister for having given this assurance, but I think we still have to wait. The proof is in the eating, right?

Mr Huget: You mention on page 4 about the government not being determined to commit to a major new supply. I assume from that you mean nuclear supply; I am not sure.

Mr Kropp: No, I just said "new supply" on purpose.

Mr Huget: Why would we or anyone else commit to new supply, whether nuclear, fossil fuel or any other type of new, major megaproject, if it was not required?

Mr Kropp: I guess one has to examine some of the background here. We had a plan in 1989 that anticipated a new supply would be required around 2000; I cannot remember the date exactly. We then had a change of government and a new chairman of Ontario Hydro who announced a number of new conservation targets—I am not sure whether they came from Ontario Hydro or whether they were given to Ontario Hydro; I am not sure

in which direction that flowed—which obviously changed the concept of when a new supply was required.

There are some concerns with this. You have \$6 billion going into a new technology—energy conservation is a new supply technology—in terms of energy conservation and wise use. There is no public process for deciding whether this is good, bad or indifferent. It does not come up under the Environmental Assessment Act in the submission of the demand-supply plan because it is beyond the competence of that group to look at. On the other hand, we have people like Pollution Probe and the Ontario Energy Board saying that this is not an effective investment, that it is not working. So I have some concerns about whether this is going to work or not.

On the other hand, I look at the Energy Supply Review, a well-respected magazine published, I believe, by McMaster University, and I read a survey of 24 American utilities that have done some new work in strategic planning and integrated resource planning, clearly come out and say the solution is on the demand side and the supply side, not on one side or the other, to this whole business of how to provide electricity most economically and to the greatest satisfaction of the customer in the future. I read a quote from a professor from Tufts University who was former environmental commissioner for the state of Massachusetts and he says the same thing. The solution is not on the supply side; it is not on the demand side; it is on both.

I then see a new plan come out called Providing the Balance of Power, which comes out after the new government goes in, and the supply side is now beyond 2014. You are talking about bringing a couple of megawatts of hydraulic generation on by fooling around with Sir Adam Beck and a little hydraulic in the north. I am wondering why all of a sudden the supply side thrust is way out there. It gives the perception that the government does not want to commit to a new source when the American people, who have been through all this ahead of us, are coming to the conclusion that the best solution lies with a balanced program on both sides. I do not know if that answers your question or not, but that is one of my concerns.

The Chair: It was a very forthright answer, Mr Kropp.

Mr Kropp: I could go on, but I realize we have some time constraints here, too.

1540

The Chair: Thank you, sir, for coming here this afternoon. You have responded candidly to the questions put to you and we appreciate your taking the time both to prepare your submission and to appear here. As you have undoubtedly heard me tell others, I am confident you will keep in touch with your own MPP, along with others who are involved in this process, to make sure your input is an ongoing one.

ROSE TECHNOLOGY GROUP LTD

The Chair: Rose Technology Group Ltd, please tell us who you are, give your status and proceed, with your comments being as brief as possible. We have your brief. It is going to be an exhibit and form part of the record, but we really want to engage in the sort of dialogue you have

seen and heard this afternoon. It is a valuable part of the process.

Mr Youell: My name is Larry Youell, president of Rose Technology Group. I want to thank the committee for the opportunity to appear before you to present our views on Bill 118.

Based in Ontario, with offices in Toronto, Thunder Bay and Ottawa, Rose has established an unchallenged leadership position among energy service companies in Canada and has grown to rank among the largest of such companies in North America. We sought an appearance before your committee here in Ottawa because this city is typical of the communities we serve across this province.

While Rose is a subsidiary of Consumers' Gas, due to the very different nature of our business, we sometimes, in fact frequently, have a very different view of the world. We are here today to provide our own unique perspective on Bill 118 and to strongly urge this committee and the government of Ontario to move forward with this legislation as expeditiously as possible.

We support the government's amendment to the legislation regarding fuel substitution. Allowing Ontario Hydro to promote cost-effective and energy-efficient fuel substitution will help to fulfil the wider goal of increased energy efficiency and conservation in Ontario and will have significant economic impacts on the province and its people.

One area where the legislation could be further improved would be to include in the fuel substitution amendment some words which would ensure that only energy-efficient fuel substitution occurs. When new equipment is installed to replace electric heating, it should meet the highest efficiency standards possible.

During the course of my presentation, I will clearly demonstrate the importance of Bill 118 as I review the following areas: first, some background on Rose Technology and the work it does and an explanation of one of Ontario Hydro's programs, which includes limited incentives for fuel substitution; second, the benefits of energy efficiency, conservation and fuel substitution, many of which have already been cited here today, and finally, a brief look at the positive role energy service companies play in Ontario.

Let me begin. Responsible energy management requires commitment and an economical means to deliver the results. Our firm has developed the expertise and resources to help hospitals, universities, school boards, corporate offices and municipal government facilities achieve significant cost savings through improved energy management.

Rose is in fact in the business of facilitating energy efficiency and conservation. Established some six years, we currently have a staff of more than 60 professionals including engineers, project managers and project financiers.

Helping its clients to cut operating costs by making capital improvements to their buildings, Rose serves as the general contractor and takes full responsibility for the engineering, equipment and installation of the work. The improvements made by Rose ultimately translate into substantial energy cost savings.

These improvements can include new lighting systems, recommissioning of heating, ventilation and air-conditioning systems, fuel substitution for targeted economic applications

and the installation of computerized building automation systems. Equally important, these changes also result in improved comfort and air quality for building occupants.

Rose arranges financing for our projects and is repaid with the resultant energy cost savings. Rose only invoices the building owner for realized energy savings. If the savings are insufficient to repay project and financing costs within the guaranteed period of time, Rose absorbs the difference.

At a time when governments and public agencies are faced with tremendous financial pressures, the provision of capital and guaranteed financing by companies such as ourselves can be vital and can facilitate the implementation of significant conservation and efficiency measures.

The project owner also has the option of financing the work. In this case Rose will guarantee the return on investment. The owner's risk is eliminated as Rose assumes full financial and technical responsibility for the work. For example, here in Ottawa Rose worked with the National Research Council to finance and complete building improvements worth over \$3 million. Work included the upgrading of an existing energy management system, extensive lighting replacements and air-handling unit modifications. These upgrades have resulted in annual energy savings of \$565,000, and they have a guaranteed payback period of 61 months. The NRC project is typical of the type of work Rose does across this province.

In many cases, Rose works closely with Ontario Hydro through the utility's guaranteed energy performance program, GEPP, to complete these projects. This incentive, established in 1990, offers incentives to energy service companies such as Rose which will guarantee and deliver economic energy savings to clients through improved energy efficiency and economic fuel substitution. The incentives are in the form of rebates to the service companies, which we in turn pass on to the client. The amount of the rebate is calculated on the basis of the actual electricity savings the companies are able to achieve for their clients.

Ontario Hydro currently offers these incentives for fuel switching and other energy-saving techniques because it recognizes the need to encourage efficiency in a variety of ways and because some of the measures which can substantially reduce electricity consumption would not be fully exploited without these incentives.

This incentive program assists energy service companies in that it has the effect of reducing the payback period for certain capital improvements, and of making these improvements more economical and thus more attractive for clients.

The benefits for Ontario Hydro and for the province are significant. Hydro has estimated that the GEPP could result in a potential reduction of over 20 megawatts by 1993. We would like to commend Ontario Hydro for its efforts under the GEPP, which has achieved very significant, measurable results, operating effectively in a non-bureaucratic manner, something Hydro is not frequently blessed with. Rose also firmly believes that Ontario Hydro could achieve even better results in reducing electricity demand under the terms of Bill 118.

In fact, as this committee studies this bill, Rose has several projects on hold in Ontario, awaiting passage of

the legislation. These projects are worth approximately \$45 million, and once initiated they are expected to create an estimated 2,500 jobs, most of which will be created in this province, jobs Ontario desperately needs in today's economic climate. The projects are also expected to achieve major energy savings, contribute in a substantial way to Hydro's electrical load reduction targets and impact positively on the environment. Once this legislation is passed, Ontario Hydro will be able to assist Rose with these outstanding projects and indeed expand the role it already plays in promoting fuel substitution in Ontario.

For some time now it has been widely recognized that energy efficiency and conservation make economic, social and environmental sense. In fact, there is enormous potential in all sectors of our economy to improve the efficiency of our energy use and to reduce energy costs. Improved energy efficiency translates into dollar savings, and just as important, it means saving or conserving energy itself. By saving energy, we help to reduce the demand for new, expensive supplies of energy. Reducing demand for electricity can help us avoid large public expenditures for building new generating facilities in the future, and by using less energy and reducing the demand for new supplies, we also help to reduce the considerable environmental damage associated with energy use, production and transportation.

The case for energy efficiency and conservation is clear, and both the government and Ontario Hydro can be commended for the programs and policies they have implemented in recent years to pursue efficiency gains. They should also be congratulated for recognizing, through Bill 118, that fuel substitution, or switching from electricity to other, more efficient fuels for certain applications, is an important means of realizing these efficiency goals. At the same time, energy service companies could expand their role in pursuing greater gains in energy efficiency and conservation.

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I want to conclude my remarks today by talking briefly about the measurable energy, environmental and economic contributions that energy service companies make here in Ontario. Perhaps the best way of illustrating the point is to quote some statistics from Rose Technology.

In 1991 our figures indicate our Rose projects produced some impressive energy savings. More than 38 million kilowatt-hours of electricity, 309 million cubic feet of natural gas and 25 million gallons of potable water were saved. In total, there was an average peak electrical demand reduction of 5.5 megawatts. These impressive energy savings translated into significant benefit to the environment. Rose's energy savings had the effect of reducing annual atmospheric emissions from boilers and thermal power plants by more than 40,000 tonnes.

Finally, Rose projects realized more than \$4.25 million in energy cost savings for their clients, and the investments in building improvements resulted in the creation of more than 500 person-years of employment.

The bottom line is that energy service companies create jobs and stimulate economic activity, help protect the environment from further energy use and production-related damage, encourage the efficient use of energy, and finally,

help conserve important energy resources, not only for their clients but for all Ontarians.

Rose is proud of the work it does to assist the government and Ontario Hydro in achieving our collective conservation and efficiency goals and we look forward to continuing in the future the cooperative working relationships we have developed. Bill 118 will be an important way to ensure that Rose and other energy service companies can continue to make positive contributions to the provincial economy, to our environment and to our energy use. Again, we strongly urge the committee and the government to complete their deliberations and to pass this legislation as soon as possible in the spring session of the Legislature.

Mr Jordan: Thank you, sir, for your presentation on the conservation of energy. Certainly I think every one of us is more than interested in conservation and the many different ways of reaching the objective we care to set for the company, whatever company it may be, whether it be the end user or the wholesaler or whoever. You said here, "Rose is proud of the work it does to assist the government and Ontario Hydro." Could you give me some examples of the work you have done to assist the government and Ontario Hydro?

Mr Youell: Much of today's focus has been targeted on the residential consumer of electricity and gas and oil and so forth. Our work is exclusively in the commercial, institutional and occasionally industrial environment. Our projects have been in that area. We essentially dominate the hospital market. We have worked in 20, 30 or 40 hospitals across this province, such as Toronto General Hospital and Ottawa Civic Hospital. We are looking right now at a number of measures.

Mr Jordan: Are you being paid by Ontario Hydro to do this?

Mr Youell: No, we are not. Through their guaranteed energy performance program, they provide a form of subsidy on occasion to allow us to undertake certain energy-efficient measures in that, but it is a minor contribution on a broad set of conservation measures that we undertake.

Mr Jordan: I have a little concern also. You say, "In fact, as this committee studies this bill, Rose has several projects on hold." What is going to happen if the bill does not pass?

Mr Youell: I doubt those will go ahead. They are clearly reliant on fuel substitution taking place, and there are the institutional clients that simply do not have the money to proceed without a form of subsidy of some sort from Hydro or the Ministry of Energy, some body.

Mr Jordan: What type of clients would they be?

Mr Youell: School boards, hospitals, YMCAs; they are institutional, primarily.

Mr Arnott: Just to follow up on that question, are you saying those projects are not viable economically without this bill?

Mr Youell: That is correct. The payback period, and that is the best measure we use of viability, is simply too long and the money is not available without some form of subsidy.

Mr Arnott: Yet they would result in significant energy savings?

Mr Youell: That is correct.

Mr Hugot: I have two very brief questions. I have heard two very disturbing remarks since we have started the hearings, one the other day from a presenter who suggested or was trying to suggest that there was no major energy saving to be seen in industry. They had done all they could do to save energy and there was no more that could come from that. The other disturbing remark was today, where the impression was that consumers do not want to conserve energy, that it is being forced on them. Given your experience in dealing with energy efficiency and conservation, what is your feeling, from a hands-on experience, of the potential for energy conservation and saving by industry and anything you may want to pass on to us in terms of public opinion about conservation?

Mr Youell: I am not well positioned to talk about industry. We really have done a minor amount of work. I would be surprised if there was a belief that industry had done all it could. I think they view it in a context of competing capital projects and, "What kind of return am I going to get?" If I get a three-year payback on putting my \$100 here versus there, and that one is better, obviously I am going to undertake it. I suspect there are a number of energy-efficiency projects that will go ahead in that area, with or without any form of subsidy from Hydro. The Hydro subsidy would help accelerate the payback and others.

I do not know what public opinion in general is. We do not deal with the broad public, but certainly with commercial and institutional markets, they are responsible, enthusiastic clients. Generally they are anxious to undertake projects. They do not have the money in many cases, and particularly in the institutional market are looking for any form of funding to help replace tired, worn-out equipment and operate their facilities more comfortably and more energy-efficiently than they are today. They are looking very much to to Hydro as a saviour with these grants, coincidentally meeting Hydro's goals.

Mr Hugot: Part of the concern I have over those statements stems from the fact that I think there are a number of energy conservation and efficiency initiatives that are sitting on a shelf in many places, whether they are institutional or industrial. Frankly, I get somewhat concerned that it may not receive the priority it deserves in terms of industry. You raised the question of payback. I understand that as being a concern, but I am of the view that there is a great deal that can be conserved and a great deal that we can do in terms of energy efficiency. I also am of the view that if we do not, it will be a tremendous mistake as well.

Mr Cleary: You mentioned earlier that you had many projects waiting to come on stream. I was just wondering what type of projects. There are three pilot projects in the province right now, I think, one in Sarnia, one in Cornwall and one in Espanola.

Mr Youell: Sir, I do not know what you are referring to with those projects. We do not have anything to do with them.

Mr Cleary: Energy audit projects applied for by the local municipalities.

Mr Youell: We have done a fairly major energy-efficiency project for the city of Sarnia, but not in Espanola or Cornwall. We do much more than audit. We want to actually implement and make the example.

Mr Cleary: I think those projects are moving ahead right now and are being implemented.

Mr Youell: I am not familiar with them, sir.

Mr Cleary: No, I just wondered if that was a type of project you are involved in.

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Mr Conway: I am very interested in this and I have several questions, but we have a very rigorous Chair. In the absence of time and heat, we have to move along. One question really continues to jump out at me. I repeat that I am a very happily satisfied gas customer, but I just keep struggling with this equity issue. I want to ask you, because you are a very astute observer of this scene, to help me understand how this Legislature should approve a policy that would force Hydro to do something that the gas utilities by regulation, if not by law, are specifically precluded from doing, presumably in the interest of their bond-holders, if not in the interest of the general ratepayer.

Mr Youell: Recognize again that I do not represent the gas company here. We coincidentally are owned by them, but we save as much in gas through our energy efficiency work as we do in electricity.

Mr Conway: You see, I am all for efficiency, and I am very anxious to support my friend from Sarnia and others in this business of appropriate and reasonable fuel switching. There is no reasonable person out there who can be opposed to that. But you have an association with the gas industry, and you should not be ashamed about that. The gas business has a lot of which to be proud in this province. But I am really struggling on the equity ground, trying to understand how it is we should endorse a policy that will open the Hydro ratepayer to a principle and a set of obligations that the energy board simply would not allow a gas company in this province to undertake.

Mr Youell: I do not know how to answer that. Our perspective, I guess, is looking at it from Hydro's point of view of trying to shed load. It is absolutely coincidental that either oil or gas benefits from that.

Mr Conway: I accept the argument. It is a question of who pays. Why we would stick the ratepayer of Hydro for something that the ratepayer of the gas company is precluded from accepting is still a mystery to me that I am sure these hearings are going to elucidate and ultimately remove.

The Vice-Chair: If you have an answer for that, you can handle that.

Mr Youell: No, I do not.

The Vice-Chair: I thank you, Mr Conway, for keeping it as short as you always do, and I thank you, sir, very much for your presentation. It was a unique presentation. I missed a day, but I am not aware of a presentation from somebody from your field. I think we all appreciate that,

so thank you very much for coming and we will be forwarding the documentation upon completion.

IVACO ROLLING MILLS

The Vice-Chair: I now call Ivaco Rolling Mills, please.

Mr Goldsmith: My name is David Goldsmith. I am a manager of planning and development for Ivaco Rolling Mills. I have been in the steel industry for 17 years and responsible for energy issues with our company for the last 13 years.

We are a division of Ivaco Inc, which is a steel producer with annual steelmaking and rolling capacity in excess of two million tons. We have 52 plants, with 21 in the United States, one in Australia and 30 in Canada; of those 30, 16 are here in Ontario. We employ approximately 8,400 people, 2,100 of them here in Ontario. We are a Canadian company with our head office in Montreal. Our 1990 sales were almost \$1.9 billion. Our shares are traded in Montreal and Toronto.

I represent our Ivaco Rolling Mills division which is located in L'Orignal, Ontario, approximately 80 kilometres east of here on the Ottawa River. It is one of three steelmaking and rolling facilities owned by Ivaco. We are an electric arc furnace steelmaker with rod rolling facilities, which puts us in the recycling business. We recycle scrap steel. We produce almost 600,000 tonnes of wire rods annually. Wire rods are an intermediate product which are converted into welded wire fabric, nails, fencing, fasteners, wire ropes, cables, prestressed high carbon wire and so on.

In 1991 we purchased 315 million kilowatt-hours of electricity from Ontario Hydro. We are the largest customer in eastern Ontario. We paid over \$13 million for that electricity. It is over 20% of the variable cost of making steel. We directly employ almost 550 people in our community. Also in 1991 we were awarded the Canadian Electrical Association's prestigious Energy Efficient Industry Award for the achievements we have made in peak load control and in becoming more energy efficient since our programs began in the late 1970s.

We are extremely concerned about the implications of Bill 118 and the cost of electricity, and by extension, our competitive position.

Bill 118 fundamentally alters the way in which Ontario Hydro does business. It does this by providing for extensive government interference in the operations of the utility such that it almost becomes another government department rather than a crown corporation, and it redefines the cost of power to accommodate this interference.

There are four elements of Bill 118 which I would like to address: the principle of power at cost, the change in responsibilities of the board of directors, the designation of the chief executive officer and fuel switching.

The principle of power at cost has been fundamental to Ontario Hydro since Sir Adam Beck founded the utility in the early 1900s. It has contributed significantly to Ontario's ability to draw industry to the province and to its economic growth. Although Bill 118 ostensibly still calls for power at cost, it redefines cost to include essentially anything the government of the day wants it to.

Ontario already has the third highest power rates in Canada. It is not a cheap province for electricity, and it has not been since 1984. At our facility we pay over 18% more for electricity than our sister steelmaking operation in Cartersville, Georgia. They do not have a sweetheart deal with their power utility. They are buying power on a published rate and their rate is firm for five years. Before the 1992 increase, based on 1991 rates, we are paying 18% more for our electricity than they are paying. That is the competitive situation in North America.

Other industries with operations all over North America have indicated that Ontario is one of the highest cost jurisdictions they operate in. On top of these excessive rates, and at a time when the industrial and business sectors are suffering the worst recession in many years, the cost of power is being redefined to include more and more items unrelated to the production and distribution of electricity.

We are aware that the government has agreed to limit any policy directives that are issued to Ontario Hydro to the corporation's exercise of its duties under the act. This, however, does not provide us with any comfort since the government itself will make the decision as to whether the directive is within the corporation's mandate. We have already seen how the decision will be made in the cases of Elliot Lake and Kapuskasing, where the government had directed Ontario Hydro to commit a total of some \$500 million in support of these communities. This represents more than a 5% increase in rates based on projected 1992 revenues.

I am also aware that the government claims this is within Ontario Hydro's existing mandate, but the issue is directive power, not mandate. We have no problem with government assistance to needy areas through normal legislative and policy channels. We have a big problem with raising these revenues through the power rates. Once this principle is established, there is no limit to how much a cash-strapped government can turn to electricity to raise revenues without increasing taxes.

Bill 118 provides that the board of directors of Ontario Hydro is not responsible for the consequences of complying with these policy directives as long as it has acted honestly and in good faith. It also provides that compliance with the directive shall be considered to be in the best interests of the corporation. The combined effect of these two amendments is effectively to eliminate the obligations the directors have to ratepayers.

The historic role of the board has been to provide sober second thought in the face of any government directive and to act in consideration of its duty to protect the interests of ratepayers. In effect, the government will now dominate Ontario Hydro on all key matters at the expense of the ratepayers who will have no voice.

Ostensibly these changes are being touted as necessary to create a more open policy directive process and to bring Ontario Hydro under control. We met with the Minister of Energy, Mr Ferguson, last fall and he made that statement to us. We asked him to give an example of any instance in the last 10 years when Ontario Hydro had acted out of control, or why this directive power was necessary. Neither he

nor his deputy minister nor any member of his staff was able to cite a single instance. We certainly do not know of any.

Ontario Hydro is a \$7-billion-a-year corporation. It requires an experienced and dedicated chief executive officer to operate efficiently. Traditionally the chairman has acted as the CEO. This has not worked well, primarily because governments like to appoint a chairman of their own choosing, and when the government changes so does the chairman. This has had a negative effect since an experienced executive would certainly hesitate to accept such a position because of the lack of job security and lack of sufficient time to become knowledgeable enough to manage a corporation as complex as Ontario Hydro.

Until now the business and affairs of Ontario Hydro have been under the direction and control of the board of directors. The CEO must be responsible to the board if it is to carry out this responsibility. If the board cannot select the CEO, the relationship is unstable.

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The chairman should act as the liaison between Ontario Hydro and the government, thereby relieving the president of many of the public responsibilities the office carries. It would ensure that when important decisions are to be made by the board, it is informed of the initiatives preferred by management, the alternatives available and the risks involved.

This process was completely bypassed in the last rate hearing, I might add, when the Ontario Energy Board presented its recommendations on a Friday and approximately four working days later the board of Ontario Hydro came up with a totally different increase in rates, without allowing the people of Ontario Hydro to develop alternatives and to do impact assessments, which has been the practice in the past. There has always been a lag of at least one month from the energy board recommendations to the actual decision by Ontario Hydro. The process was completely bypassed this year.

Fuel switching is probably the most insidious portion of this act. Bill 118 fails to address the key problem of reducing total energy use by focusing exclusively on electricity use. Some members of the Legislature have stated that fuel substitution is a key element of the government's strategy to make Ontario more energy-efficient. Apparently, Mr Eliesen, the chairman of Hydro, has superseded the working of this committee by announcing yesterday that that is the basis upon which the next 25 years are being planned within Ontario Hydro.

Fuel switching has absolutely nothing to do with energy efficiency. In fact, while total energy use per unit of gross provincial product has been falling since the late 1970s, electricity use has been rising. This is a direct result of the higher energy efficiency of electricity in many applications.

We are looking at modifying our gas-fired reheat furnace, or billet reheating operation, to bring steel to 700 degrees Celsius with gas and then use large amounts of electricity to heat the rest of the way to the rolling temperature of 1100 degrees Celsius. Today that process is entirely gas-fired. This is the most energy-efficient way to perform the task, but it means more electricity demand.

The most energy-efficient way to heat your home is not with natural gas; it is with electricity with a ground source heat pump. It is disturbing to hear so many people talking about natural gas being more efficient for space heating when they are comparing radiant heat of electricity with the burning of natural gas, which produces carbon dioxide, the largest source of global warming. Using a ground source heat pump, you save 50% of total energy consumption, but you increase electricity demand. That is what the government should be paying for, not switching to natural gas.

It is totally unacceptable for one group of users, which has no alternative, to bear the cost of this conversion to the advantage of others. It amounts to a government-initiated subsidy bestowed selectively but levied indiscriminately. It adds to the cost of power directly through the financing arrangements and indirectly by reducing the load against which the fixed costs are levied without any clear guarantee of any substantive benefit in the long term.

Furthermore, it will increase the burning of natural gas, damaging the environment through the production of global-warming gases. This flies in the face of the government's claim to be acting to protect the environment and its commitment to stabilize the production of global-warming gases by the end of this decade. It creates a spectre of new environmental impacts by the construction of the additional pipeline facilities that will be required to bring the gas to Ontario.

I also have a problem with understanding why it is that Ontario Hydro was required in the early 1980s to pay people to go on electricity and now it is Ontario Hydro that is paying them to go off electricity, rather than the gas company or the government or somebody else—if anybody has to pay for it.

Ontario Hydro is a large and complex corporation that needs to be run as a business to ensure efficiency and cost control. Power at cost has been a cornerstone of economic growth and prosperity in this province for decades. Until governments began to interfere in the operations of the utility some years ago, it was one of the best run and most cost-effective utilities in the world. This was a factor in our decision to locate in Ontario.

Bill 118 changes this relationship. There is no rationale for increased government involvement in the affairs of the utility. This bill strips Ontario Hydro of its independence from government and threatens to transform it into another department of the province. It would become a government ministry masquerading as a crown corporation.

Bill 118 is an unnecessary and unwarranted intrusion into the operations of Ontario Hydro, and for the sake of the economic prosperity of the province it should be scrapped.

Mr McGuinty: Thank you, Mr Goldsmith, for a very insightful and hard-hitting presentation. I would like you to tell us a bit more about the effect, if any, that Bill 118 and the present government's energy policy—and in particular the announcement made yesterday by Hydro—are having on our business community, on its concerns for its future success in this province, and possibly, if you are aware of this, what concerns this may be creating in the minds of persons or businesses thinking of moving to Ontario.

Mr Goldsmith: I know of two companies that have written to the chairman of Ontario Hydro, the Premier of the province and the Energy minister indicating which plants they are planning to shut down based on the electricity policies and the rate increases resulting from them. I heard yesterday of a third company that is about to write to the government about a specific plant in eastern Ontario. That is probably the most telling answer to your question. Basically the business community is extremely unsettled, skittish and concerned about reliability of supply. There are no concrete reassurances coming from anywhere.

Mr McGuinty: But the government assures us, or Hydro assures us, that we are going to save 9,900 megawatts.

Mr Goldsmith: Excuse me, but that is Mr Eliesen assuring you; that is not Ontario Hydro. If you speak to the people in Ontario Hydro who are responsible for preparing the forecasts and so on, they will tell you that they are extremely uncomfortable with the numbers, before Mr Eliesen changed them yesterday, that they themselves have no confidence in them and that they are being forced upon them.

Mr McGuinty: What could have prompted Mr Eliesen to make such a radical departure from the plan that had been submitted only two years ago?

Mr Goldsmith: That is a matter for speculation. I could make guesses, but they are no more valid than anybody else's.

The Chair: You do not want this person to guess.

Mr McGuinty: I will not object to any guesses.

Mr Goldsmith: It seems to me it does a great job of justifying not making any decisions. It is a great way of deferring anything until later.

Mr McGuinty: One of the concerns I have, and I have raised this in the House, is that when we talk about conservation, which in and of itself is an excellent idea, we discuss this in the abstract. We can raise and lower these estimates at will to suit a particular timely need. The ongoing concern I have, and I indicated this earlier in the presence of another witness, is that we require some hard evidence to substantiate the elevation of that figure. I think it was 5,700 megawatts to be saved; we are now at 9,900 megawatts.

Mr Goldsmith: I can comment on that. I have stated before that I feel it is a no-lose proposition to forecast conservation. Today the province has approximately 26,000 megawatts worth of generation, about a 23,000-megawatt peak demand. Depending on which forecast you pick, it is for having, let's say, 30,000 megawatts of demand in the year 2000. That is after saving, say, 5,000 megawatts through conservation, which means it would have been 35,000 and now it is only going to be 30,000. No matter what it is in the year 2000, you cannot lose because all you say is, "It would have been." So this 9,000-megawatt savings is notional perhaps, because no matter what the demand actually is in whatever year you pick, you can say it would have been 9,000 megawatts higher.

But I am very concerned about the reality of the number. If I can quote to you from a public opinion survey done on

energy conservation by the Ministry of Energy last year, "There does not appear to be a linkage between attitudes and behaviour undertaken." Most people support conservation, but they do not act on it. "The survey indicated that 80% of the people believe they could do more to conserve energy, but 42% of the people intend to consume the same or more energy in the next year. People tend to identify energy efficiency with promotional activities such as light-bulbs and showerheads and little else." It concluded, "The conservation activities that people may eventually be required or requested to do may come as a surprise to the public. Another finding of note is that a move to encourage conservation through price increases would be met with strong resistance."

1620

I might also point out Ontario Hydro's own forecasts for conservation. Somebody raised the issue before about how much industry has left to conserve. It is non-zero, I am sure; I know it is non-zero in our plant. We are certainly doing more than we already have. Consumption of electrical energy in this province is approximately 29% residential, 34% commercial and 37% industrial. Efficiency or conservation targets are 39% residential, 50% commercial and 11% industrial. That probably reflects the relative amount of available conservation. In other words, residential and commercial are where this has to come from, and that means lifestyle changes. That is where the difficulty is going to be. Industry is not going to be the one that is going to provide this 9,000 megawatts of savings. It is not there.

Mr Conway: I have just one observation and then a question. I think the last point is extremely telling. We had someone touch on it last night or perhaps earlier today. A careful analysis of where the savings are going to come from would suggest, on the basis of either Hydro's or the ministry's own projections, that it will be from residential and commercial and will require significant lifestyle changes. I do not think that is well understood by a lot of people in the Legislature or in the general public. It makes me think of the time of the use-rate controversy of a few years ago, as it related to residential consumption.

Did I hear you say to this committee that you have discussed a number of these conservation projections with people in the corporation who have a much lower confidence level in the targets being talked of now by the chairman than the chairman himself?

Mr Goldsmith: Yes, I did.

Mr Jordan: I too would like to thank you for a very informative presentation and your very sincere concern with Bill 118. As the man in charge of your company and particularly in charge of that division relative to the use of energy, you have done considerable work to put this forward and see what it is going to do to your energy bill. I just have the funny and sick feeling that as much and as hard as we work here with this committee and as good as these briefs are that are being presented, I am going to go back and Bill 118 is going to be implemented. Are you nodding yes?

Mr Duignan: I am nodding yes.

The Chair: Just one moment. We have an opening this evening where there is a non-attendance by one of the participating parties. Maybe then you can ask Mr Duignan questions. But right now, Mr Goldsmith is here to talk to us.

Mr Conway: Leo is just getting to know Marc Eliesen.

The Chair: You have known him for quite a while.

Mr Conway: Indeed I have.

Mr Jordan: It is time you got control over that. Excuse me for these interruptions. Usually the Chairman can control this young fellow from Renfrew North, because we have trouble in the county.

Seriously, after seeing yesterday's announcement in an official document to go before the Environmental Assessment Board in Toronto, this has never been amended but this is based on it having been amended. My colleague across here kept nodding up and down. He said, "Yes, the bill is going to pass regardless of what these hearings give us." How would you react?

Mr Goldsmith: It is not unexpected. This government has claimed to be in favour of consultation ever since it came in, but it has yet to consult with the people most affected by the actions it is taking. It has not listened to them either when it has talked. That is not unexpected, if you are asking me how I react.

Mr Jordan: You are not going to be surprised.

Mr Goldsmith: No, I am not going to be surprised. We are already making our plans based on that happening.

Mr Jordan: With that in mind, I want to close by thanking you for taking the time to come before this committee and give us as much information as you have. I sincerely thank you.

Mr Goldsmith: If I do not say something, I have no right to complain about what happens.

Mr Jordan: You are quite right.

Mr Arnott: Thank you very much for your presentation. You talk about your electricity bill, 20% of the cost of manufacturing steel in your plant, that 5500 people work at you—

Mr Goldsmith: It is 550.

Mr Arnott: I am sorry; 550. Is your plant unionized?

Mr Goldsmith: Yes, it is.

Mr Arnott: What are your advantages relative to your sister plant in Cartersville, Georgia, if you are paying 18% higher costs in electricity?

Mr Goldsmith: At this point I am not sure we have any. We used to. We used to pay about 20% less for electricity than they were, 10 years ago. Our labour rates are higher and our energy costs are higher. We are slightly more efficient. We have a little newer plant but they have already invested enough to upgrade their plant. That is not an issue any more. We do not really have much in the way of an advantage over them.

Mr Arnott: Twenty per cent of your cost of production going up 44% over three years: Where does that put you?

Mr Goldsmith: As I said, we are already behind, so it puts us further behind. What does that do to us? I think 80% of our market is in the United States, so it puts us that

much further behind our competition, which is already ahead of us.

Mr Arnott: That is 550 jobs put in jeopardy by the policy of this government.

Mr Goldsmith: That is correct.

Mr Huget: I notice with interest some comments around the electrical forecast, in particular people who are unidentified within Hydro commenting on the unreliability of those forecasts. I think it is fairly safe to say that there has been uncertainty for a long time about forecasting and that whole issue. That uncertainty is a two-way street, because I believe that in 1990 we were actually 2% or so below our forecasts and there was zero growth in demand in 1991. Both those years it was below forecast. The uncertainty issue is one that is there, but it is a two-way street. I think it swings both ways.

Having said that, I think you raise an interesting point. The point you raise is perhaps the prime reason behind having Hydro develop a contingency plan to ensure that if its forecasts are not accurate, there indeed is a contingency plan to deal with that issue, particularly from a business standpoint. My riding, Sarnia, is probably one of the highest if not the highest per-capita energy users in the province. I am extremely concerned about having reliable energy supplies and I would say I am as concerned as you are and indeed as concerned as the businesses and your business as well.

I think we have the same concerns. I just want to make sure you understand that indeed we have asked Hydro to have in place a contingency plan in the event that its forecasts are not right, but we are convinced that they are.

Second, when you look at the amount of money that is spent on behalf of taxpayers, do you not feel there should be some accountability to the people and to the government of this province? You probably have a view that we are meddling with the internal operations of Ontario Hydro, but do you not think that any government has a role, with an organization like Hydro, which has so much of an impact on the economic and other circumstances in the province and is a public corporation, in terms of at least setting a direction, particularly around efficiency and conservation as opposed to megaprojects without considering efficiency and conservation? I feel there is a constructive role and I would just like your views.

The Chair: Before you answer, we are not going to be here much longer. The Hansard person has to listen very carefully to what happens. She has been here now for almost four hours steady without any break, so could people please not engage in interruptions or in other conversations. We have only a few more moments but it is becoming increasingly difficult for her to catch all that is being said. I am sorry.

1630

Mr Goldsmith: First of all, I understand that Hydro does have contingency plans in place. I am not happy with those contingency plans. The reason is that prudent planning calls for a balance in your projections. Sure, their forecasts can be too high and they can be too low. My favourite saying is that the only good forecast is one that is

done after the fact. The problem—somebody mentioned it earlier today—is that you need a balance and the plans to date are based very heavily on demand side management and inadequately, in our opinion, on supply side options.

I have no problem with energy efficiency and conservation motivations or directives or something, somehow, and I will get to the methodology in a moment. I have a big problem with saying that is what we are going to do and we are just not going to consider major supply options. That is the uncertainty that concerns industry.

If you look at the contingency plans Ontario Hydro has in place, they are to build natural-gas-fired generation. If they have to build any significant amount of natural-gas-fired generation as a result of either not meeting the demand management targets or as a result of load growing faster than they think it will, that will mean another pipeline the size of the existing one running from Alberta to Ontario. That is the amount of gas we are talking about. You have to keep that in mind.

You are talking about 36 combustion turbine units to supply that amount of electricity. You are talking about turbines that are built by only one or two manufacturers. There is no way they are going to get all those in a hurry. Yes, they can build them faster than they can build a megaproject, but everyone gets hung up on the total capital dollars involved in a megaproject and nobody looks at the fact that it does not cost the province a penny. I disagree with you when you make the statement that Ontario Hydro is spending all this money on behalf of the taxpayers. They are not. They are spending money on behalf of electricity ratepayers who may or may not be taxpayers, but the point is that these people are the ones who have to be considered, not the general taxpayer.

Second, when Ontario Hydro spends that money, it does not have any impact on the province that is measurable. Third, Ontario Hydro is paying the province a ridiculous fee for this debt guarantee which is costing the province absolutely nothing, but is another way of taxing the ratepayer without going to the general tax revenues.

My concern about the forecast is that the contingency is too heavily swayed in favour of demand management. There is not enough supply in there. If you build natural gas, you create global warming. Natural-gas-fired power generation is the largest source of global warming gases in the world, and that is what we are talking about doing as a contingency, burning more natural gas. It does not make sense.

Natural gas is in limited supply. People are talking about pricing today. Electricity is higher than natural gas in price, and that is true, but that is a very short-term view. Ten years ago, natural gas rose 81% in price in three years. Now it has dropped quite a bit since then because of deregulation and because of a glut in supply. But if that supply tightens up—and it will not happen this year but it may happen next year or the year after—then that price is going to skyrocket again and all these people you are going to have paid to get off electricity on to natural gas are going to be coming back to wring your necks.

As far as having the government have some influence on the direction of Ontario Hydro is concerned, there is a mechanism for that, and that is the Ontario Energy Board.

The government today, with the existing Power Corporation Act and the previous amendments that have been made, can issue policy directives to Ontario Hydro through the minister. These can be monitored through the Ontario Energy Board.

I do not see any reason why that process does not work. It certainly has worked in the past. No other government has had a problem with that. It does not make sense to take a \$7-billion-a-year corporation with a specific mandate to deliver power at cost and start changing that mandate, which is what is happening no matter what you call it. You can use the words any way you want but the mandate is going to change, otherwise you do not need all these powers. If you are not going to change the mandate, you do not need Bill 118. You can do anything you want today.

Mr Huget: You mention in your presentation that we have relatively high power rates in Ontario. You compare it to Georgia.

Mr Goldsmith: In our case, with Georgia.

Mr Huget: With regard to nuclear development and nuclear sources of energy, as I understand it—at least the selling point of the day was that this was to provide the province with a cheap, reliable source of energy. Given that in my case and in the case of this government, we appeared on the scene September 6, 1990, obviously you probably noticed that the power rates have been higher than somewhere in Georgia for quite some time.

Mr Goldsmith: Yes.

Mr Huget: How is it that we spent the kind of money we did on what was supposed to provide us with cheap power and we in fact do not have cheap power, by your comparison?

Mr Goldsmith: I made the statement as well that it was a succession of governments that interfered. I did not say it was this government. That was deliberate.

Mr Huget: I am interested in how, in your view, this wonderful development that was to have provided us with cheap power has turned out to be something other than cheap to ratepayers, industry or anyone else.

Mr Goldsmith: You are assuming that it is Darlington or the nuclear program in general, let's say, that is costing us all this money. I am not. I am saying the problem with Ontario Hydro is inefficiencies and lack of cost-effectiveness within the corporation. Having government get involved is not going to improve that situation. The problem with Darlington is that governments interfered and added \$6.1 billion to the cost. Even with those additions, even with the \$13.5-billion projected cost of Darlington, it is still projected to cost 4 cents a kilowatt-hour to produce electricity over the lifetime of that station. That is cheaper than natural gas by half. Natural gas is 7.5 cents a kilowatt-hour to generate electricity, nuclear is 4 cents and hydraulic is somewhere in the 2- to 3-cent range, depending on the station. Those numbers have been reviewed by several select committees of this Legislature and agreed to by those committees, although not unanimously. They are on the record. They are numbers that are available to you.

Mr Huget: I will just finish on that point. They are expensive projects—I think you and I can agree on that—and were supposed to put us in a position where our energy prices would be cheaper than anywhere else in terms of attracting industry. In spite of that, we have not been able to accomplish this.

Mr Goldsmith: If we had finished Darlington on time in 1979 or 1980, they would be. If we had exported the excess power, as we did in the early 1980s—we exported excess power and subsidized Ontario energy bills to the tune of 7% because of the revenues from the exported energy—we would have exported more because the neighbouring utilities needed more and we would have subsidized our rates more and everyone would have been happy, but governments could not be happy with that. They had to interfere and delay Darlington and cost us this bundle of money. That is my concern with Bill 118. It allows for more and more of that kind of interference, which will only add to the cost of electricity in this province.

Mr Huget: My concern with the megaproject, sir, is that I do not think we have got our bang for our buck either. I have a concern about that.

Mr Goldsmith: We would have if the governments had not been involved.

Mr Klopp: I will get Hansard. I must have misunderstood something. A minute ago—correct me if I misunderstood it, sir—I thought you stated that previous governments never had a problem with Ontario Hydro or interfered with it, and, “You guys want to do this with Bill 118.” Just now you said previous governments interfered with how it ran.

Mr Goldsmith: I said previous governments interfered with it, yes. I did not say they did not have a problem with it. I said previous governments did not have a problem with their ability to impose their mandates on Ontario Hydro without the provisions of Bill 118. That is what I was saying.

Mr Klopp: Okay. Quickly, you mentioned 36 generators that we are going to need for natural gas only—I do not think this bill talks about natural gas only—but more important, you said it is going to cost 4 cents for Darlington based on how many years?

Mr Goldsmith: Forty years.

Mr Klopp: Are you familiar with the Bruce A or B nuclear plants, which I understand are both the same as Darlington and are up and running?

Mr Goldsmith: They are not the same as Darlington, but they are up and running, yes.

Mr Klopp: They are pretty close.

Mr Goldsmith: They are the closest to them; they are the most recent ones, but they are not the same.

Mr Klopp: What were their projections of how long they would run without normal greasing etc that one has to do?

Mr Goldsmith: That is another fallacy in the arguments everyone keeps talking about. Every nuclear station since the original Pickering stations was planned for a

single retubing over its lifetime, to occur after 30 years. The stations you are referring to, and Pickering which you did not refer to, have required retubing after 20 years. However, those stations are still projected to require only that one retubing over their 40-year lifetime.

Mr Klopp: What is your efficiency rate then? Are they based on efficiencies at all when you do these things?

Mr Goldsmith: Yes, and over their 40-year lifetime all the existing nuclear stations are expected to achieve their originally projected efficiencies, over 40 years. People keep looking at the last year or two and say, “Nuclear is terrible because we’ve had these problems.”

Mr Klopp: Bruce B has been there a long time, 10 years, I would think.

Mr Goldsmith: The problems in the last few years, the efficiency levels in the last year or two, the low efficiencies of Bruce have been transmission-related, not reactor-related. They could not get the power out of Bruce because no one would let them build the transmission lines they needed to get the energy out of Bruce. We spent \$500 million in premiums for electricity because we had to buy it outside the province because we could not ship it out of Bruce.

Mr Klopp: Actually, sir, I was at those hearings. They said they needed it for Ontario. We said, “Then why are you going to ship it to Detroit?” They said: “We’re not doing that. We have to go across Huron county to get it to London.” Incidentally, after we won the case—we did not hold it up at all. We did a modified M3 on that, sir. They had six plants. Actually they ended up redoing the thing. They won their case, which is fine, democracy in action. Guess what they are doing right now, sir? They are building a line. They want to go to Windsor—just as a point.

Mr Goldsmith: Yes, and that will subsidize our rates in Ontario.

The Chair: Point, counterpoint. Mr Cleary, final single question of this gentleman.

Mr Cleary: You made a lot of good common sense and many of the things you said in your presentation I heard in the last day from a local industry back home. You scare me when you say that if Bill 118 passes in its original form, you and some other companies in our part of Ontario will look at their options. We sure do not want companies looking at their options any more, because we have lost a lot of plants there already. I guess what I have to ask you is, would some of your options be looking at cheaper power from the United States, a plant in the United States, and also from Quebec?

Mr Goldsmith: I want to clarify something. I did not say, and I will explicitly state the contrary: We are not specifically looking at leaving the province over Bill 118 and I do not want to create that impression in anybody’s mind. It is certainly a factor in our investment decisions. We are not looking at closing up shop and leaving the province, at least not at this point. I suppose anything can happen. The most attractive option today is to move to the United States, if you are talking about electricity rates.

Quebec is not an attractive option. Their rates are lower. Their reliability is significantly lower.

The Chair: I want to tell you, on behalf of the whole committee, thank you, as we have thanked others. We appreciate everybody's participation to date. The interest in this particular bit of legislation has been significant from all over the province, from all facets of the community, and of course a wide and diverse range of views are being presented. We appreciate your coming. I thank everybody for their interest, for their attentiveness, for their patience

and for their cooperation. We are going to come back here at 6:20 this evening, hearing submissions until approximately 8:30, and of course people are welcome to attend. The first participants will be the Concerned Citizens of Renfrew County.

Mr Conway: Any prospect of heat at 6:20?

The Chair: No.

The committee recessed at 1645.

EVENING SITTING

The committee resumed at 1822.

CONCERNED CITIZENS OF RENFREW COUNTY

The Chair: We have four groups this evening. The first is Concerned Citizens of Renfrew County. Please come up to the table in front of us, to the microphones, sit down and tell us who you are.

Present among the representatives of the three parties in the Legislature are Dalton McGuinty, Energy critic for the Liberal Party; Leo Jordan, Energy critic for the Conservative Party; Bob Huget, a member of the Legislature who is also the parliamentary assistant to the Minister of Energy, along with other MPPs from each of their three caucuses. Also present are research, Hansard and the clerk's staff.

Please tell us who you are, your organization and whom it represents. We have 20 minutes. I wish it were longer, but we have a number of groups that have to get their submissions in. Try to keep your comments to 10 minutes, or hopefully even less, because the most fruitful part of these proceedings is the discussion and the questions.

Mr Hendrickson: My name is Owen Hendrickson and I am with the Concerned Citizens of Renfrew County. I will tell you a little about our organization as I go along.

We would like to comment on three sections of the proposed bill: (1) Should the Minister of Energy be allowed to issue policy directives for Ontario Hydro? (2) Should Ontario Hydro be allowed to implement fuel switching, that is; conversion of electrical heating to other forms of heat? (3) Should the municipal electrical utilities have the option of treating the cost of energy conservation programs as either operating expenses or capital expenses?

With regard to policy directives, some speakers might argue that marketplace solutions can effectively address energy policy issues and that there is no need for government intervention. We see a need for increased private sector participation in Ontario's energy supply and we do not really view Ontario Hydro as an institution that responds effectively to market forces, but we none the less maintain that governments, in the sense of popularly controlled democratic institutions, should play the dominant role in setting energy policies and providing energy services.

Given that we feel energy should be governed, why not just make Ontario Hydro a democratic institution? Why compel Ontario Hydro to follow directives from the Minister of Energy? We have three reasons.

First, we feel that many energy policies have cross-sectoral implications and should be developed in a forum where municipal affairs, transportation, industrial development, housing, natural resources and other sectoral policies can also be examined.

Second, we feel there should be a limit to the number of governments society has and we should avoid wasteful duplication and overlaps.

Third, we point out that Ontario governments have always wielded considerable influence over Ontario Hydro and this is not likely to change. Our local MPP, Sean Conway, boasted in his last re-election campaign that he had

persuaded Ontario Hydro to give a \$30-million subsidy to AECL in Chalk River, just as one example. Rather than maintaining the pretence that these government interventions do not occur, let's make them transparent to the public and allow voters to influence them.

With regard to fuel switching, the CCRC is concerned about the trend to ever more centralized and globalized systems for supplying energy and other human needs. We feel that current economic development philosophies are creating highly vulnerable and unsustainable societies. It is as if a giant arrow points towards global free trade, unrestricted movement of capital, concentration of wealth in a few unregulated multinational banks and corporations, and for the vast majority of the world's population, pollution and poverty.

We are appalled at the current simplistic level of international debate regarding environment and development issues, which consist mostly of developing nations telling developed nations such as Canada: "It's our turn now. You drive down your standard of living and we'll meet somewhere in the middle." We also feel that the term "developed nation" applied to Canada is ridiculous with its self-congratulatory implication that we have achieved an ideal, sustainable socioeconomic model that should be imitated by the rest of the world. Let's recognize the desirability and inevitability of change as a starting point for formulating new energy policies in Ontario.

We think natural ecosystems provide a model for sustainability. They have a high diversity of primary and secondary producers and a capacity for specialization and adaptation in response to local variations. Accordingly, we see a greater centralization and diversification of energy sources in Ontario as being desirable and argue that this will promote stability and job creation. We also see a need to reverse this arrow of globalization to point towards local sustainable development, local adaptation and self-sufficiency. I apologize for this excursion into the philosophy of local economic development, but feel that it is necessary to provide a context for CCRC's position on Bill 118.

In terms of alternatives to electrical heating, I am sure other speakers have pointed out that electrical heating is quite inefficient. The use of electricity from fossil fuel generating stations creates large amounts of carbon dioxide per unit of useful heat far more than alternatives such as oil, natural gas or wood. Furthermore, Ontario's per capita electric power consumption is very high compared to the rest of the world. CCRC supports investment in labour-intensive fuel switching and conservation strategies in preference to capital-intensive power plants in meeting our energy needs.

In addition to our support for publicly funded conservation and fuel switching, CCRC recognizes the need for a more informed debate on energy supply. Switching from electrical heat to fossil fuels only postpones the day of reckoning when Canada's oil and gas reserves, and ultimately the world's reserves, are gone. There is currently a very lively and potentially healthy debate in Renfrew county on nuclear energy and wood energy as two future

supply alternatives. CCRC has been an active participant in this debate and we would like to share our views on it in the context of Bill 118.

CCRC feels the use of electricity from nuclear plants to heat buildings and water is not an acceptable substitute for use of electricity from fossil fuels. Heating is a highly inefficient use of electricity. Electrically heated homes are vulnerable to power interruptions. Loss of power for lighting or operating one's home computer is annoying, but prolonged interruption of one's home heat supply in the event of damage to power lines or power plant shutdown is a serious affair.

1830

Nor does CCRC feel that nuclear generating facilities constitute a sustainable source of electricity. We are constantly amazed at the lack of understanding of both short-term and long-term implications of widespread use of nuclear fission in Ontario. We would like to direct your attention to a 1988 report from the federal Ministry of Energy, Mines and Resources entitled *Nuclear Energy—Unmasking the Mystery*. I will make a few points from that report.

A 20-kilogram CANDU fuel bundle contains less than one hundredth of a curie of radiation when it is inserted. When it is removed it contains over a million curies of radiation. A complex mixture of over a hundred different radionuclides is produced during this 100-million-fold increase in radiation within the fuel bundle. Additional quantities of low- and medium-level reactor wastes are generated, and radioactivity is routinely released to the environment. Compared to other types of reactors, the CANDU heavy water pressurized reactor system is characterized by high production and emissions of radioactive gases such as carbon-14 dioxide and tritiated water to the environment. This is all contained in that EMR report.

I do not intend to belabour the short-term public health consequences of these emissions or the question of our moral right to burden future generations with nuclear wastes, but would like to note that there is growing evidence for serious problems in Renfrew county associated with radioactive emissions and waste at the Chalk River Nuclear Laboratories of AECL. Although some might characterize the lack of attention to these problems as a coverup, we feel it is more accurate to view this as a form of collective self-denial in the interest of maintaining employment in the nuclear industry.

There is an equally pernicious collective self-denial operating with regard to current and future use of wood, particularly for home heating. In many ways wood is an ideal fuel. Properly managed, it is renewable. Its use promotes local employment and self-sufficiency. It is flexible and can be easily used to cope with sudden cold snaps, such as the one we are in now, without triggering expensive centralized energy production and distribution systems.

There is a Canadian tradition of expertise in operational and scientific aspects of forestry and there is little evidence of fuel wood scarcity in Canada. In fact, there are continuing problems with wood waste disposal at some industrial facilities. Modern wood heating systems have greatly reduced particulate carbon emissions and improved

efficiencies. Even looking to a future in which solar, wind, and hydraulic power may be dominant sources of electricity, we still find wood a very attractive source of heat.

However, Canadian governments seem to regard the continuing use of wood heat in a so-called developed country as an embarrassment. Although many people in rural Ontario heat exclusively with wood, there are no comprehensive studies of wood energy use in this province. Wood is officially regarded as a marginal energy source and its current status is consistently underreported. Whereas CCRC regards as a virtue the fact that wood energy can stimulate a great deal of local development activity, this may be regarded with distrust by centralized bureaucratic planning agencies.

CCRC does not, however, give an unqualified endorsement of wood energy use, because we feel the Ontario government lacks policies to ensure its sustainable development. In particular, we are sceptical about large-scale facilities that are solely dedicated to the generation of electric power from wood. Such facilities could lead to creation of large areas of single-use energy forests. This could discredit wood energy in the eyes of a public that is increasingly aware of the many values which can and should be obtained from public forest lands.

We feel the emphasis should be on use of wood as a direct source of home heat or for cogeneration of heat and electricity at industrial sites or district heating facilities. We challenge the Ontario government to adopt a policy encouraging sustainable use of wood for heat and power in public buildings, especially in rural areas and small municipalities.

Our recent experience with the new Killaloe public school is instructive in this regard. Given an alternative between a ground-source heat pump system and an automated wood-chip combustion system, both with roughly equal costs, the Renfrew County Board of Education chose the former. Why? Because Ontario Hydro provided a \$70,000 subsidy for the heat pump, based on its greater efficiency compared to electric resistance heating. However, we estimate the annual operating cost for the heat pump system will be about \$9,000 higher than for a wood biomass system, which takes away money that could be spent providing better educational services for Renfrew county children.

We also recommend that the government give priority to the use of Bill 118 to encourage home owners to switch from electric heat to wood heat instead of switching to non-renewable oil or gas. Preference should be given to newer stoves and furnaces with minimal particulate emissions. This could provide an opportunity to establish a wood pellet industry in Ontario, allowing introduction of wood energy into more densely populated areas while maintaining low public health risks.

CCRC also hopes Bill 118 can be a tool to promote a more enlightened attitude on the part of municipal utilities. We are sympathetic to their need to maintain sufficient income to cover fixed costs of administration, billing, maintenance of substations, transformers, power lines and so forth. However, we also call for recognition that as conservation and fuel-switching initiatives are implemented and

revenues from power sales decline, the cost of power purchases will also decline.

Furthermore, we feel the added flexibility in treating conservation programs as capital expenditures creates potential new long-term revenue sources for municipal utilities. Some will be in a position to develop local energy supplies to reduce the cost of purchasing power from Ontario Hydro. There may be local dams that are not currently fitted with turbines, or areas suitable for wind power generation. We have also noted earlier that cogeneration can be used for district heating. Possibilities exist for joint ventures with local industries and entrepreneurs.

Even without new electric supply investments, there are a number of creative opportunities for municipal utilities to get into the business of energy services rather than just power sales. Home conservation improvements in the form of insulation, new doors and windows, sales of energy-efficient furnaces, water heaters, lighting fixtures, refrigerators and other appliances could all be treated as long-term home owner loans repayable to the utility in the form of a continued fixed rate of electricity despite lower actual usage.

An increased role for municipal utilities is consistent with CCRC's philosophy of local self-sufficiency and sustainability. We believe the long-term energy future for Ontario will involve much more diverse and decentralized supply options and we feel this should be reflected in the design of institutional arrangements for energy services.

On behalf of CCRC, I would like to thank you for allowing us to share these thoughts with you, and I would be happy to entertain any questions you may have.

The Chair: That is a very thorough submission.

Mr Jordan: Thank you for your time in travelling from Renfrew county to Ottawa and for the work you have put into this presentation to express your views and those of the association you represent. I represent Renfrew South and Lanark county. I take it from your comments that you are from Renfrew North.

Mr Hendrickson: Until recently, I lived in Deep River and worked at Petawawa National Forestry Institute, but recently I have transferred to Ottawa. I am now living in Ottawa and I am on secondment with the Department of Forestry here, but I still maintain active links with CCRC.

Mr Jordan: You mentioned—and this has been mentioned several times by different groups—that the per capita use of hydro in Ontario is extremely high. When they arrive at that figure, are they taking the total use of hydro in Ontario and dividing it by the population of Ontario? How do they arrive at that?

Mr Hendrickson: It is high, either including industrial and commercial use of electricity or if one factors that out and merely divides the electricity consumption in the domestic sector by the population.

Mr Jordan: You have done that for the domestic?

Mr Hendrickson: Yes, we have looked at both figures.

Mr Jordan: It is very close on domestic to other areas, as I understand it.

Mr Hendrickson: It is still somewhat higher, partly because of electric baseboard heating.

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Mr Jordan: If you look at our province being so industrialized and the manufacturing we have here, or did have, the reason we had it was that we had a dependable supply of electrical energy at cost; not reasonable cost but power at cost was the mandate of Ontario Hydro going back over the history. I just do not want individuals like you and I to be looked at as completely wasteful people when it comes to energy, because the people I know generally who have to pay the bill are fairly conscious about the amount.

This \$70,000 that Ontario Hydro gave to the school board, how was that arranged?

Mr Hendrickson: I can provide you with details of that, but I do not have it with me here. I am sorry. I cannot really go into detail about that arrangement.

The Chair: Obviously, Mr Jordan can make inquiries if we or Mr Jordan wish.

Mr Huget: Thank you for a very good presentation with some interesting points. I will be very brief.

In part of your presentation, you mentioned that in your view Bill 118 could be used as a tool to promote a more enlightened attitude to municipal electrical authorities. I wonder what you base that comment on. I would like your views regarding in whose interests you feel the electrical commission is acting. I heard a presentation from someone from a municipality who thought the utility commission in his municipality was not necessarily representing the municipal government either. I would just like to know what your views would be.

Mr Hendrickson: In theory, municipal utilities are democratic institutions. They have very close ties historically with Ontario Hydro. One possible impact of this legislation is that policy directives will come from the Ministry of Energy to Ontario Hydro and then, through Ontario Hydro, will filter down to the municipal utilities, because of the close link in terms of electricity purchases, for example, and the historically close association of interests between Ontario Hydro and the municipal utilities.

In the long run, we would like to see a more decentralized system of energy services, with a lot of local participation in decision-making regarding energy supplies. We feel a democratically controlled, properly elected municipal utility could play an important role in that. So there is a positive side that maybe has not been fully appreciated, because this is a new initiative. We are being hurried into looking at conservation and new renewable sources of energy supply. It is a new way of thinking that may not have filtered through the entire system yet.

Mr Huget: Are there any other suggestions you may have for us?

Mr Hendrickson: It is going to take time. We have to promote among the public the importance of addressing energy issues at a local level. As much as anything, it is a public education effort and it is not going to happen overnight.

Mr Conway: Thank you for quite a stimulating presentation at the end of which, on page 6, you state the following, "We believe that the long-term energy future for Ontario will involve much more diverse and decentralized

supply options, and that this should be reflected in the design of institutional arrangements for energy services." Having regard to that, what do you see in the future as the kind of ideal Ontario Hydro?

Mr Hendrickson: There will be for a long time an important role for larger generating facilities. We have a major industrial sector in Ontario and it is simply not possible for local utilities to maintain that infrastructure. Things are not going to change overnight. In rural Ontario—for example, Renfrew county—we are very interested in the possibility of having local electricity commissions, the model of a popular municipal utility but not limited to the boundaries of a municipality, taking in rural areas so we can address some of the fuel wood supply issues I have addressed in this brief. Perhaps we have to redesign the boundaries of some of our utilities or local commissions, whatever they may be, to include a mix of rural and urban areas.

Mr Conway: In his 1974 book on Ontario Hydro, a wonderful book I recommend to anyone who wants to know more about Hydro, Professor Nelles argued that over the decades popularly elected governments and legislatures had very real difficulties in trying to exact accountability from corporations like Hydro, largely though not exclusively, he argued, because of their technological characteristic, that it is a very tall order for a group of generalists such as you see before you today to effectively exact accountability over a corporation whose mandate involves such complicated technological enterprises.

Because you raised the accountability question in the first part of your brief, having regard to the activities of a corporation like Hydro, the very significant and complex scientific and technological matters it is necessarily involved with, and I suspect would probably be involved with even if it were not into things like nuclear power—let's say they went into solar energy in a significant way—what sort of advice do you have for a group of generalists who get themselves elected and then find they have a responsibility to exact accountability from this thing that does all these funny things they do not really understand with any degree of precision?

Mr Hendrickson: At larger governmental levels we should try to set general policies. I think there are important policies emerging in the current energy debate, such as the obvious need for conservation efforts in Ontario and the possibility for emphasizing renewable energy sources over non-renewable energy sources, but I am also sure others have addressed the possibility of better and more efficient use of natural gas and maybe even agreements between some of the producing provinces and Ontario to get good pricing and reasonable arrangements.

Also, there is just the concept of energy efficiency, being efficient in use of energy. Let's cogenerate so we use both the process heat and the electricity value of a unit of fuel. At the Ontario government level or an Ontario Hydro level we should try to set these kinds of broader policies which can then be taken at a more local level and applied in operational terms where we may say, "Hey, here we've got some untapped hydraulic power potential and here

we've got some biomass energy potential that we're not efficiently using." I think that even at the Ontario Hydro level and certainly at the Ontario government level, and even more at the federal level, we need to seize upon these broader policy issues and try to get clear in our minds the directions we want to go in with efficiency, conservation and renewability.

The Chair: Sir, we have been impressed with the number and range of people who have attended and the ideas that have been expressed during the course of this first week of hearings. Your views contained in the brief are obviously well thought out and well articulated. We want to thank you for coming here to participate. Your MPP can make available to you a transcript of the proceedings and would be pleased to do so. That would give you a sense of the range of views. Again, you are probably familiar with most of them, but I am sure you will be interested in seeing the range of views. We ask that you keep in touch with your MPP and other members of the committee and hope that the clerk will keep you informed as best she can of any reports prepared by this committee so that you can respond to them if you wish.

Thanks for taking the time to come in on what we are told is among the coldest of Ottawa evenings. It has been a good experience for all of us.

Mr Hendrickson: It has been my pleasure.

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HYDRO-ELECTRIC COMMISSION OF THE CITY OF GLOUCESTER

The Chair: We are now going to hear from Gloucester Hydro. Good evening, sir. Please be seated, tell us who you are and try to briefly address us with your comments, because as you recognize, among the most important things that happen here is the questioning and dialogue after your submission.

Mr McCullagh: First of all I would like to thank you for making this opportunity available to me to address your committee on the proposed changes to the Power Corporation Act. My name is Robert McCullagh and I am the chairman of the Hydro-Electric Commission of the City of Gloucester. Gloucester Hydro is a medium-sized electrical utility supplying 32,000 customers. We celebrated 25 years of service to the people of Gloucester last year.

About two months ago I was deeply involved in campaigning to regain my seat on the commission. In the course of my campaign I spent many hours knocking on doors and talking to our customers. These people, and many more like them, are the stakeholders in our utility and Ontario Hydro. The concerns they have are simple: They want safe, reliable electrical energy at a responsible price. I do not believe many of the proposed changes to the Power Corporation Act contribute to this objective.

This evening I would like to take this time I have to share some of the concerns our utility has with Bill 118. I feel it is unfortunate that the municipal utilities that represent one of the largest groups of stakeholders of Ontario Hydro were not consulted when the bill was drafted. Perhaps if they had been, we would not be sitting here tonight.

Our first and major concern is the proposed change that will allow the Minister of Energy to issue policy directives to Ontario Hydro that must, as the bill states, be "implemented promptly and efficiently." The spectre of possibilities this raises and the impact it could have on our consumers is quite disturbing. This disturbed our commission to such a degree that we entered the campaign with our fellow municipal utilities to lobby strongly to get this part of the bill changed. We were pleased when the Honourable William Ferguson announced that the bill would be amended to clarify the government's intention to limit the directive power to matters related to the powers and duties of Ontario Hydro as set out in the Power Corporation Act.

While Ontario Hydro's financial assistance program in Elliot Lake was not a result of directives but rather regulations, this is the type of social assistance program we object to strenuously.

With double-digit increases to our customers brought on by increases in our wholesale power costs and the implementation of the GST, there is little wonder that Ontario Hydro consumers are concerned about prices. Our city has not been hit as hard as many in Ontario by the downturn in the economy. We do not have a lot of industries closing, but our commercial customers are certainly feeling the downturn in the economy. Many of our customers are feeling the pinch of the zero, three and three. We are seeing the effect of this as the number of accounts that are not paid increases. We are spending more staff time working with our customers to help them budget better and reduce their energy consumption.

Our customers do not want to pay for the government's social programs in their power bills. The power bill should respect the power at cost principle that has existed in Ontario since Ontario Hydro was created.

For municipal utilities, the greatest part of our cost comes from the purchase of power from Ontario Hydro. Some 88% of our cost last year was the purchase of power. Obviously, even though lower increases in our local costs allow us to cushion the increase from Ontario Hydro, our rate increases follow Ontario Hydro's closely. Ontario Hydro's contribution of \$65 million to the northern Ontario heritage fund cost our utility \$370,000 and each one of our customers \$11.60. That is not a cost of generating or delivering electricity costs.

It was heartening to read in the Ottawa Citizen last Friday that the Energy minister, contrary to what the chairman of the Ontario Hydro board said last fall, will not allow double-digit rate increases to continue. I only hope this can be done without increasing the debt load for future customers.

The customers who are affected the most by the high increases are those who have chosen electric heating. Electric heating in Gloucester is usually chosen either because gas is not available or it lends itself to the type of building construction.

I would like to tell you about the effect of changing direction and policies. Three years ago the Ministry of Housing along with our city embarked on a project to build subsidized housing projects in Gloucester. Three projects were built, one of which was restricted to single-parent

families. Because of the lower initial installation costs, electric baseboard heaters were chosen for heating.

Needless to say, the first winter was a challenge for both our new customers in these developments as well as for our staff as we both went through an education process. For the customers it was the realization of the high cost of electric heating and budgeting for it from a fixed income. For our staff it was learning how to assist these new customers with controlling electric consumption in the home. This year Ontario Hydro and the Ministry of Housing have launched a program to reduce the energy consumption in non-profit housing developments across the province.

These relatively new developments are now candidates for conversion off electricity using Ontario Hydro funds. It is unfortunate that little extra money was not spent two years ago to put these homes on another source of fuel.

Our second major concern with Bill 118 is the changes in section 4 concerning energy conservation programs. The proposed changes broaden energy conservation programs from ones related to electrical energy to ones dealing with all forms of energy. This change, as well as affecting Ontario Hydro, will have a detrimental impact on municipal costs, including our own.

If other utilities are similar to Gloucester Hydro, they have a hard time adjusting to the rapid changes in direction and messages we receive from our provincial utility. Our utility was born 25 years ago in the days of the hard sell of electricity. "All Electric" and "Gold Medallion" homes were the catchwords of the industry. We have lived through campaigns of "Use Energy Wisely", "Go Electric" and "Stamping Out Cold Feet" and are presently enthusiastically supporting the better energy management campaigns. In the past four years we have doubled our staff in this area. However, the effort we put into energy conservation pales by comparison with that of Ontario Hydro.

You have to remember that reduced energy consumption does help to reduce our generation costs and has only minimal effects on our distribution costs. Indeed, energy conservation is a loser on utility balance sheets. The compelling reason to be part of the energy conservation effort is best described in our mission statement, "To provide the highest quality of economic, reliable electric power and related services to our customers, while contributing to the community's social and environmental objectives."

It would not be responsible on our part not to be involved in energy conservation, but the expanded role of Bill 118 to get involved in energy conservation involving all forms of energy will create a cost that will be paid for exclusively by electricity consumers. Surely the cost could be shouldered by other players in the energy sector as well. The use of oil, gas and wood is certainly not environmentally benign.

Our provincial association, the Municipal Electric Association, also brought to the government's attention its concern on fuel substitution. This is a concern we also share. Although our city has gas available to all the built-up areas and gas has been the heating fuel of choice in practically all new developments, we still have about 20% of our customers who heat with electricity. Most of these customers are in the rural area of the city or are located in

apartments. In either case, their homes do not lend themselves to conversion to natural gas, which today seems to be the heating fuel of choice. We would not like to see the rates subsidize the cost of switching from electricity to other fuels.

On this matter the minister has indicated that he expects Ontario Hydro to consult with municipal electric utilities on any programs in this area. Further, such programs will stand up to economic scrutiny and will be in the best interest of the electrical system, the environment and the people of Ontario. In addition to this I trust that such programs would also be in the best interest of our customers and other customers who are left paying the electric bills of the province.

The final area I would like to speak on is the changes made to the board of directors. Bill 118 increases the composition of the board of directors of Ontario Hydro by four members, and the chairman become the chief executive officer. We are a long way from Toronto, and much of our press is occupied by the local political colour, but from what we saw from a distance it seemed that the new organization of the board was a knee-jerk reaction of the government to a difference in opinion with the old Ontario Hydro board.

Surely with the challenges that Ontario Hydro and the province have to secure our energy future this is no way to operate. As the former Minister of Energy, Jenny Carter, pointed out in her June 5 statement at the first reading of the act, the amendments are supposed to "enable Ontario Hydro and the government to work together more effectively for the continued economic, environmental and social wellbeing of the province." What the amendments appear to do, however, is take control from Ontario Hydro and give it to the Minister of Energy.

I liken the situation to the municipal setting, where we have a commission elected by the voters to run the electric system of the city. It would not be right if our city council could issue directives we were obliged to follow. The city council has an interest in the way we operate and is represented on the commission by the mayor, who can ensure that we are working to the same end as the city. Although the city, through the mayor, carries only one vote of three on the commission, she has as well the political persuasion to help influence decisions of our board.

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I think it is positive that the government establish a greater presence and influence on the Ontario Hydro board. The impact of decisions Ontario Hydro makes should move the province in the same directions as the government is moving, but the proposed amendment swings the control too far away from the board to the Minister of Energy.

In summary, I am sorry I am so negative about the proposed changes to the Power Corporation Act. Our utility does not see many of the measures as being positive steps in the direction of securing our energy future. The bill is to make Ontario Hydro more responsive to the people of Ontario. It goes without saying that we in the utility industry would like Ontario Hydro to be more responsive to our customers' needs and our needs. Many is the time when

we have taken Ontario Hydro to task for ignoring the needs of our customers in programs it has developed, but I am afraid I have little confidence that with the Ministry of Energy exercising more influence and direction the situation will improve. In fact, I fear it could be worse.

Ontario Hydro is a big business that should operate like a business is supposed to run. Having a board taking direction from the government and not having the directors accountable for the consequences is a difficult situation to comprehend. If Ontario Hydro cannot be left to operate as a business, it would be better to take the whole step and incorporate it into the government. At least it would be clear who is calling the tune and who is playing the pipers. We all know who is paying the pipers. Having said that, I am not a believer that it should ever happen.

I expect the fuel-switching proposals will be put in place. A major component of Ontario Hydro plans to reduce load is based on fuel switching. Unlike load reduction through conservation, fuel switching is an exercise of tradeoffs where one has to consider emissions, impact on non-renewable resources, international prices and the impact on the Ontario economy. Consultation has been promised in this area. I hope real dialogue can and will occur and can be done in a timely manner. A clear and consistent message has to be given to the industry and consumers of Ontario as to where we are headed.

Finally, a few words about what Bill 118 did not propose: The finances of municipal utilities are tightly controlled by Ontario Hydro to an extent that we have had to justify the addition of a half-ton truck to our fleet of 20 vehicles. Aside from this, it has always been a bone of contention that unlike municipalities, utilities cannot establish reserve funds in anticipation of large expenditures. The pay-as-you-go principle is not possible in our business. What we would have liked to see in Bill 118 were changes to allow municipal utilities to operate more like municipalities where they, under the Ministry of Municipal Affairs, have more flexibility to operate as a business.

Thank you for this opportunity to address your committee. If there are any questions, I would be happy to try to answer them.

The Chair: Once again a very comprehensive submission. We have two minutes per caucus.

Mr Wood: I can see you have a number of negative concerns about the amendments in Bill 118. I have a number of questions but I am going to limit myself to one or two. Concerning the Elliot Lake situation, I am sure you are aware of the small amount of money that was involved compared to the \$1.5 billion it would have cost to continue the contracts signed by Hydro and previous governments to keep Elliot Lake going. The amount of money put in was considered to be small compared to what it could have cost to continue those contracts. Do you have any comment on that?

Mr McCullagh: I actually have two comments on that. One is that it was my understanding that the possibility existed for a five-year notice-of-quit clause on that and that the \$1.5 billion would have been saved had Ontario Hydro exercised the five-year option. Therefore, we would

have had a saving of both. I do understand that sometimes you have to pay a little to save a lot. Our major concern is that this is the opening of a door and that \$370,000 is a lot to us as a utility and a lot to the customers we represent.

Mr Wood: In 1989 Ontario Hydro made commitments to Kapuskasing and the industry there and those commitments were fulfilled on August 14 of last year. The Premier himself took personal charge of the negotiations, with Shelley Martel, the Minister of Northern Development and Mines, and myself. I am wondering what reaction you had on the commitments that had been made and fulfilling the deal for involving the full ownership of the Mattagami four, where they had three before and now they have the four powerhouses.

Mr McCullagh: The first thing is that I would not like to be in your shoes or his shoes in particular instances. Any commitments that are made by any elected official or body obviously have to be lived up to. I think he took charge where he had to, but I think Ontario Hydro as a group—I will go back to my statement. If the government feels such, then Ontario Hydro should come under the Minister of Energy. That is the way it should go. They should be run accordingly and the costs associated with any commitments would come through them. Other than that, it should be run as a business where sometimes they will have to take hard decisions and say, "Yes, we've got a five-year quit clause and we'll pull out and you're not going to get anything." That has to be balanced. Certainly those are tough decisions, but commitments have to be lived up to.

Mr McGuinty: Thank you for a very thoughtful presentation. We have had a number of opinions here, some of them more informed than others. You are in a better position to offer an informed opinion with respect to the implications for me, a ratepayer who is not going to be able to switch to an alternative fuel. I live within your jurisdiction. I wonder, if I gave you a call and said, "Mr McCullagh, I can't switch to another fuel. If Bill 118 goes ahead, how's that going to affect my rates," what would you answer?

Mr McCullagh: They are going to go up. As the number of consumers in our utility goes down, our expenses and costs go up as we, as a utility, spend more and more dollars on energy conservation, which has to be done. As we have said, we have doubled our staff from two to four in this area. Costs increase and our revenues are going to flatten out or go down. Certainly there is only one way to pay the money and that is to increase it to the customers there.

Mr McGuinty: Others have told us, though, that the amount of power you are going to buy from Hydro is going to be reduced and that consequently there should be some balancing out of those costs and there should not be any net increase for me.

Mr McCullagh: I would like to see that on a piece of paper and would challenge the person who shows me that, quite honestly. I know what our costs are in our utility. We are lucky. Our utility is five and a half years from being debt-free. We are one of the lucky ones. That might possibly be true once we hit that point, but I do not think so. Our balance sheet does not show that. We have done the statistics for our utility.

Mr Jordan: Thank you for your fine presentation. I noticed that you say in your presentation, "Our first and major concern is the proposed change that will allow the Minister of Energy to issue policy directives to Ontario Hydro that must...be 'implemented promptly and efficiently.'" Could you enlarge on that, please?

Mr McCullagh: Yes, I will go back to the statement. As we see it, a separate board of directors, as it had been at Ontario Hydro, would make its decisions independently and be run according to an overall policy of the government. What we see coming in Bill 118 is that the minister will be directing the board on almost a daily or annual basis as to how it should be doing its job. If that is the case, then let's remove the board and have the president of Ontario Hydro report to the Minister of Energy. If that is the way the government wants to go, that is certainly its decision. They certainly have the right to do so. But I think that under Bill 118 you really have a no-board situation. The board does not have the power it should to run it as a business.

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Mr Jordan: Right. The other part is that the Municipal Electric Association had received a guarantee, or an amendment that would be made by the minister, relative to that section which stated that these directives would not entail the implementation of anything that was outside the Power Corporation Act. Was that acceptable to you people and did you assume it to be this act or this act as amended by Bill 118?

Mr McCullagh: No, I do not feel it is acceptable to us. Either the board should run as it has been running or you should put the utility under the direct control of the minister's office. Bill 118 is something in between. I think you have a leg on either side. That is my view. I am sorry but, from what I have read of the bill, all the documentation and the reports of what has been going on at the hearings on a daily basis and things like that, I am not going to change. I may be incorrect in that, but that is how I view it.

Mr Jordan: We had the mayor of another community in this afternoon and he was quite upset over this \$7-million lightbulb campaign. One thing that upset him was that it says on here "Ontario Hydro and your local utility." Would you comment on that, please?

Mr McCullagh: I think a lot of the programs that go on do not necessarily get the participation of the utility in the form they should. The program is decided by Ontario Hydro and we have a choice: Either we can say we are participating or we can say we are not, but it is going to come as if we are. The most recent example is this survey that is about to go out by Ontario Hydro now. Our municipality is bilingual: 35% of our customers are francophone and yet we are told they will not get a survey in their official language. We cannot get them. They have to send in a form. I think that is terrible, but that is the program and nobody came to talk to us about it. "Here is the program and you take it that way." I had a big fight with that. As I said in the brief, we fight Ontario Hydro regularly on those sorts of things.

The Chair: Mr Jordan, perhaps you could give those lightbulbs to the clerk and she will file those as exhibits.

Mr Jordan: I would sooner reduce the energy by using them.

The Chair: All right. You have to take them out of the bag to do that. I got them too. They are in a drawer.

Sir, I want to tell you how much we appreciate your coming, you along with a whole lot of other people. One of the things that has been impressive, as I have told others, is the interest this legislation has generated and certainly some strong and well-articulated reaction. You have been valuable to the committee, I assure you of that. As I told the earlier presenters, and as I say to everybody who is here tonight, your own MPP would be pleased to obtain for you partial or complete transcripts of the people participating in this hearing. You might find that to be of interest. I trust you will keep in touch with your own MPP and others, be it the critics or the parliamentary assistant, to keep them advised of your ongoing concern. We appreciate you coming.

Mr McCullagh: Thank you. I will look forward to the results of your committee.

The Chair: I hope so.

Mr McCullagh: Absolutely.

FRIENDS OF THE EARTH

The Chair: The next participant is Friends of the Earth. Come forward, please, and have a seat. The remarkable thing is that coffee is being brought in. I have no doubt that it will arrive just shortly before we are finished, at which point I invite you to stay and drink coffee. Friends of the Earth, please tell us who you are and a little bit about your organization. Please try to spend as little time as possible on your submission, because as you have been able to tell, the questions and conversation and exchanges are particularly valuable.

Ms Comeau: I have definitely tried to keep it to less than 10 minutes. My name is Louise Comeau. Kai Milliard is here with me to answer any questions you may have. I am a climate change campaigner with Friends of the Earth. We are very pleased to have this opportunity to comment on this important legislation.

Friends of the Earth is part of an international network of environmental groups with offices in 44 countries. Our Canadian office is here in Ottawa. We have 25,000 members in Canada and most of them live in Ontario. We were founded in the 1970s around energy and environment issues and have been active in the area of public policy ever since.

Friends of the Earth is participating in the environmental assessment hearings over Ontario Hydro's demand-supply plan as a member of the Coalition of Environmental Groups for a Sustainable Future. In particular, we are in the hearings with an eye on the carbon dioxide and climate change implications of Hydro's plans.

While direct impacts on Ontario from climate change are difficult to predict, some scientists have made efforts. Their studies have suggested that a loss of the \$40-million-a-year skiing industry in the Georgian Bay region is likely, and losses to farmers in southwestern Ontario of \$100 million per year are possible as a result of moisture stress in hotter, drier summers. These stresses would of course be in

addition to the stresses already imposed on our environment by other forms of air pollution.

While Bill 118 deals with a number of different Hydro issues, we will comment only on the portions of the bill pertaining to fuel switching.

Once upon a time, in the 1970s, a very wise person likened the overuse of electricity for things like space heat as a waste of resources equivalent to "cutting butter with a chainsaw." Not only does electric heating lead to a waste of billions of dollars, but it results in gross excesses of pollution of various kinds.

As you know, heating energy demands come at Hydro's peak times, so the electricity is provided in large part by coal-fired stations. Conversion of oil to electricity results in the loss of two thirds of that energy as waste heat to lakes and rivers. There is another average loss of 8% in the transmission stage. This means that electric heating uses about four units of energy to deliver one unit of energy at the house, a grossly inefficient system. On top of this, coal is virtually the dirtiest fuel available. For the same amount of energy, natural gas produces only half the carbon dioxide, virtually no acid-causing sulphur dioxide and far lower particulate and nitrous oxide emissions. The use of a high-efficiency natural gas furnace provides these benefits of the cleaner fuel and also avoids the power station losses, making for dramatically lower air pollution emissions.

The use of this natural gas example is not meant to imply support for natural gas over other fuels. Virtually all the fuels available for heating—oil, propane, wood and solar—result in significant reductions in pollution compared to electric heating and all should qualify under the program. While Bill 118 does not include restrictions, this question will be a matter of government policy and Hydro's implementation program. Currently, Ontario Hydro is planning fuel switching only where natural gas is available. We look forward to an open, multifuel policy. If any fuels are to be preferred for fuel switching, fuels such as solar and wood energy should get special support because of the low environmental costs of these renewable energy sources.

I would like to draw your attention to the graphs at the end of our brief, on the last two pages. These figures are from a study prepared for the Coalition of Environmental Groups by Passmore Associates that will be presented to this committee in full by the consultant next Monday in Toronto. Their analysis asked the question, what would the air pollution emissions have been if Hydro had not promoted electric heating over the last few decades? The answer: dramatically lower.

The analysis assumed that the 800,000 or so homes now electrically heated would have used mid-efficiency models of oil and natural gas furnaces. The analysis shows that province-wide emissions would have been 119 to 193 million tonnes lower for carbon dioxide, 914 to 1,480 kilotonnes lower for sulphur dioxide and between 274 and 455 kilotonnes lower for nitrogen oxides since 1975. To put it another way, the CO₂ pollution caused by the excessive use of electric heat since 1975 is equal to Ontario's 1990 CO₂ emissions from all energy sources.

Electric heat is the most expensive form of heating in Ontario. Indeed, it has always been more expensive than gas or oil, even in the years of high oil prices. The following graph, also from the Passmore analysis, shows how much higher the cost of electricity has been compared to oil and gas since 1975. Paying more for a high-quality form of energy that can run lights and electronics makes sense, but to use that energy to do simple tasks like low-temperature heating, especially when other fuels can do so at far lower costs and with less environmental damage, is irrational overkill at its worst.

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This high cost of electric heating has meant hundreds of thousands of Ontario families have spent millions of dollars in recent years that they never needed to spend. The Passmore analysis concludes that if Ontarians now heating with electricity had instead been using oil and natural gas, their bills would have been \$4 billion lower than they were. This amounts to one of the most extraordinary ripoffs in Ontario history.

Why has this happened? Because Ontario Hydro's corporate culture is centred around building power stations, and it has used aggressive "Go Electric" marketing strategies to promote this wasteful energy use to generate enough demand to justify expanding the system. What is most offensive is to hear opponents of fuel switching, like many municipal utilities, arguing against the economic interests of their own customers. If the Passmore analysis had included water heating or space heating in the commercial and industrial sectors, the \$4 billion overpayment would have been even higher.

For environmental and economic reasons, Friends of the Earth strongly supports the amendments in Bill 118 enabling fuel switching expenditures at Ontario Hydro.

Those arguing against fuel switching make two main arguments, and we will respond to both.

First, they argue that switching to gas benefits customers near gas lines but leaves others without benefits, constituting a cross-subsidy from all ratepayers to those going off electric. As we have argued, fuel-switching policy should allow switching to any fuel, not just gas, so all electric heat customers can benefit from the program. All other electricity customers benefit from demand management measures as well because reduced load growth means less need for Ontario Hydro to build expensive new supply that pushes rates up, as the Darlington station's costs are now doing to rates.

As for the cross-subsidy argument, all ratepayers are already subsidizing electric heating customers because they pay higher rates than electric heat customers do. It appears that the MEA does not mind the existing cross-subsidy, but does not support investments that will reduce everybody's costs and protect the environment.

Second, they argue that reduced loads on municipal systems will result in higher local rates because of the need to cover fixed costs. While compelling on the surface, we believe this is an overstated problem. The vast majority of municipal utility costs are the wholesale power purchases from Ontario Hydro. Therefore, actions to keep these rates down, like fuel switching, will likely affect local rates far

more dramatically than the fixed-costs issue. It would also only occur where the customer base is not growing, narrowing the number of locations where higher rates to cover fixed costs could occur.

Finally, the fuel-switching program would occur over a number of years, therefore reducing loads gradually—indeed, probably only slowing local demand growth, not shrinking demand. If any utilities can specifically demonstrate that this becomes a problem in the future, we should certainly consider it at that time, but to abandon the enormous economic and environmental benefits of fuel switching for this reason would be a hysterical overreaction to a problem that may never arise.

Finally, Friends of the Earth supports Hydro investing in 100% of the costs of conversion to other fuels. Where fuel switching or any other demand management measure is cost-effective, why would society not want to obtain it? Offering only part of the cost has the effect of getting less conservation than is cost-effective, a self-defeating strategy for a conservation goal. If Hydro is willing to invest fully to build new power stations, why should it not invest fully to supply energy through cutting waste?

The Chair: People are going to have some questions for you. Mr McGuinty, you have three minutes.

Mr McGuinty: Thank you both for attending and for providing us with a very considered paper. You provided me with a couple of pieces of information that I had been looking for in the past. You have indicated through use of these graphs here—at least the author of the graphs, Passmore Associates, indicates—that apparently the burning of oil to heat a home causes less detriment to the environment than does consumption of electricity. I do not know a lot about these things, but it would just seem to me that if we use electricity, I understand that to heat we are using peak power, which is made up of 60% to 80% fossil fuel, but oil appears to be 100% fossil fuel, just to my way of thinking. So where am I wrong there?

Mr Millyard: That is quite right. The fossil fuel that Hydro is burning is coal, which has considerably more pollutants in it than oil does. If you are burning coal to make electricity, you have to burn four units of coal in order to get one unit of energy delivered at the house because of the losses. Two thirds of the energy is lost in the power station. It goes out into the lakes and rivers, and more is lost in the power line. You have to overgenerate in order to get one unit to the house, whereas if you burn what is a cleaner fuel to begin with directly in the furnace, there is a dramatic reduction and there are much higher efficiencies. In other words, burning coal, a much dirtier fuel, at a power station is in the order of 25% efficient, and burning oil directly in the furnace is about 80% efficient and oil is a cleaner fuel.

Mr McGuinty: Thank you. The graph refers to light oil. What is that?

Mr Millyard: That is the kind of oil you get in your furnace, as opposed to heavy fuel oils, which would be used in industry.

Mr McGuinty: On the matter of the economics of fuel substitution, I am still quite confused. I think you were

present when the earlier witness provided us with his opinion. He is a gentleman in the business. He tells me that if I were a ratepayer, I should be concerned if I were unable to switch to an alternative fuel myself, because he feels my costs will not drop and may in fact go up as a result of fuel substitution.

Mr Millyard: Yes, but I do not see why you would not be able to switch to an alternative fuel. There are four or five available. We have said very clearly that while at the moment Ontario Hydro is assuming it is only going to do fuel switching for electric-heating customers who have access to gas, that makes no sense at all. All electric-heating customers should have access to this program. A policy like that would clearly be a completely unfair windfall benefit for the gas companies. Virtually all the other fuels that are available are cleaner and cheaper than electricity, to begin with, and consequently all electric-heating customers would have access to the fuel-switching program.

Mr McGuinty: Would you see any reason why other utilities, for instance natural gas, that would stand to gain from a fuel substitution program should not participate in subsidizing?

Mr Millyard: I do not see why they should not contribute to investing in the switch. Clearly they will be benefiting. I think it is a side issue. I think the most important issue is that Hydro should be willing to support 100% of the cost, or a split with the gas utility if a gas utility is involved, because only if you are willing to pay the full value of the switch will you get the largest participation. Of course, we are only going for cost-effective switching anyway. Consequently, you want to get every little bit that you can.

Mr Jordan: Thank you very much for your presentation this evening. I have one question. You refer to an all-electric getting a separate rate.

Ms Comeau: Yes.

Mr Jordan: Where does that take place?

Ms Comeau: That is the block rate where I think up to the first 250 kilowatt-hours of electricity used in a month is one price. Anything above that is cheaper. Let's say it is eight cents for the first 250 and after that it is six cents. If you are a non-electric heater, if you are a family that is not using electric heat, it is unlikely you will use more than the 250. Depending on your lifestyle, you will pay the eight cents beyond that. The customer using electric heat will definitely achieve the lower rate. It is almost an incentive to use as much electricity as possible, because you get the lower—

Mr Jordan: Could I explain that a little bit?

Ms Comeau: Yes, go ahead.

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Mr Jordan: The rate structure, the higher block and then your lower blocks, whether you have three sets of rates or not, is freedom of choice. No one stops me at the 250 or the six-cent rate or whatever. Everyone is free to go and use 10,000 kilowatt-hours if they wish.

Ms Comeau: But should they?

Mr Jordan: I am saying they have freedom of choice, freedom of management, but what I would like to point out is I can at this moment—

Ms Comeau: Wait, I have to come back at that one.

Mr Jordan: Just let me finish.

The Chair: You provoked her.

Mr Jordan: I am sorry, Mr Chairman. I did not mean to.

Ms Comeau: If you have electric heat, you are committed regardless. Even if you were a reasonable family and kept your heat at a reasonable rate, you are committed to using a fairly large amount of electricity per month. You will not be able to have freedom of choice beyond a certain point. You are committed. You are using that system.

Mr Jordan: Because I get more kilowatt-hours at the end rate, you feel you are subsidizing?

Ms Comeau: Yes, absolutely.

Mr Jordan: The point I want to make is that to connect your house, it costs me the same capital for the pole, the transformer, the wire and the labour. The same capital investment goes into that. The higher blocks are meant as a return on my capital over a 20-year period, say, and then the remainder is at the cost of power. That is as I understand it.

Ms Comeau: That is looking at it from both sides of the mirror. I have a different perspective.

Mr Jordan: I was afraid you meant there were two different rates in the thing.

Mr Millyard: In effect, there are two different rates. We did not come to talk today about rate structures, so I think it is an incidental point. The system with the rationale you describe that is being used now is certainly the system that has been in place for a long time. It is on its way out in many places because it is recognized that it simply promotes overuse of energy. Flat rates are where progressive utilities are going so that they do not promote increased use.

Mr Jordan: Could you explain your flat rate a little bit, then?

Mr Millyard: One price, no declining blocks; no matter how much you use, it costs the same amount.

Mr Duignan: First of all, I appreciate your coming here this evening and offering some very interesting points of view. That is quite an interesting organization you belong to. Maybe you could elaborate a little bit more where you are arguing that it should not just be gas, that other forms of fuel should have some subsidization. Could you maybe elaborate a little bit on that? What types of items have you in mind basically for customers who would not be near a gas line, for example?

Mr Millyard: There is oil; there is propane; there is wood, particularly in rural areas, and certainly for water heating there is solar. All those should qualify for Hydro financing. They are all cleaner, with the possible exception of wood in local circumstances, although woodstoves and certainly oil furnaces should be subject to efficiency standards.

Under Ontario's Energy Efficiency Act, there is now a standard for natural gas furnaces. Unfortunately, it only comes up to the mid-efficiency natural gas furnaces. We

would strongly support Hydro's program of only investing in fuel switching to gas if it were to the high-efficiency gas furnaces, so that we do not cause any unnecessary and excessive use of, and pollution with that fuel. Of course, it is also cost-effective because people's bills will be lower again. The same kind of requirement should exist for the other fuels. The most efficient equipment should be required.

Mr Duignan: Basically, you would like to see a combination of various fuels offered under the fuel-switching program.

Mr Millyard: It should be the consumer's choice. We are not interested in restricting consumers' choices here, with the exception of electric heating. It is expensive and it is very polluting. Ideally, you would have a graduated degree of support for the cleaner fuels. It gets very complicated to figure out which is clearly the best one. We think that the renewable fuels are better than the others and that if some kind of additional support for the renewable fuels were possible, that would be advisable, but apart from that, all of them should be available to customers who may want to switch.

Mr Jordan: This address that you give: Do you operate in an office from that location?

Ms Comeau: This Ottawa office? Absolutely. We have one office in Canada. Friends of the Earth is a national organization.

Mr Jordan: And it is in Ottawa.

Ms Comeau: One office in Ottawa, that is right.

Mr Jordan: And the people now out in the county are from—

Ms Comeau: We do not have local offices. We have one office, but we do have 25,000 members across the country and we communicate with them from our Ottawa office. We have affiliates and we work in coalitions, as we mentioned with respect to the Ontario Hydro demand-supply hearings. We work with other environmental groups, on coalitions and have affiliates in certain locations, but we have one office.

Mr Jordan: When I meet a group at county council regarding waste management, are they part of the same organization?

Ms Comeau: No.

Mr Jordan: If they call themselves Friends of the Earth?

Ms Comeau: I am not aware of another group called Friends of the Earth.

Mr Jordan: They are probably members in the rural—

Ms Comeau: They could be, but I am not aware of it. Usually, if someone is making a presentation under our name, we are aware of it and it would probably be a staff person who would have worked with that person, so I am not personally aware of it.

Mr McGuinty: I am wondering if you have access to, or have either seen or read, any kind of study or analysis of the economics of fuel substitution, something that goes into rather substantive detail.

Mr Millyard: Certainly the Passmore study we have referred to looks exclusively at that question, and you will see it in its full detail on Monday in Toronto. Our consultant will present it to you. It is principally a retrospective analysis that goes over what the economic consequences and savings would have been and what the pollution savings would have been had we not over the last 15 years been so aggressively switching to electric heating.

I did not bring it with me, but the Ministry of Energy has recently published, because of the Gulf war a year ago and then in the summer, a simple listing of energy prices, comparative fuel prices. It showed that if you are now on electric heating and you were to switch either to natural gas or to oil—a high-efficiency natural gas furnace; either a semidetached, fully detached or row house—the reduction in your fuel bill would be 65% to 66% by going to the high-efficiency gas furnace from electricity. It is an enormous difference.

The Chair: Mr Duignan, unless you want Mr McGuinty to ask the question you were going to ask.

Mr Duignan: I do not know what question he was going to ask, but very briefly, you touched on all the areas of fuel generation except that of atomic energy. Maybe that is a bigger subject for another day. I was wondering the reason.

Mr Millyard: By and large, nuclear energy does not provide very much of the electricity involved in electric heating. Nuclear power is run all the time on Hydro's base load. It provides for electricity needs that go all the time, like refrigerators. Things that are provided by peaks are some hydro but mostly coal stations, and that is why we focused on that. There is some cost of the nuclear stations rolled in here because at the bottom of the curve there may be a little bit involved. It is hard to say. Hydro would never give you a clear answer as to how much electric heating comes from nuclear, coal or whatever, but it is not much of an issue here.

Mr McGuinty: I look forward to seeing that Passmore study, but if it is based primarily on what has happened in the past, the history of our usage of electrical energy for heating purposes, how would you address this? I switch to oil and oil prices go up substantially and it is no longer economical for me to be on oil in comparison to electricity. What should we be doing to address that potential problem?

Mr Millyard: The best thing to do, no matter what fuel you have, is to insulate your house. The less energy you use, the less vulnerable you are to increases in the price regardless of what fuel it is. There is no question that the price of oil could go up. There is no question that the price of natural gas could go up. All of them no doubt will. At the moment, electricity is far more expensive and is going up far faster than any of the other fuels. Given the debts of our provincial utility, it looks like we are going to be paying a lot for electricity for quite a while. I do not see the spectre of the other fuel going up as a particular reason to stay away from it. That is a risk all forms of energy are vulnerable to.

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The Chair: You have heard what we have had to say to some of the other groups that have appeared here. We

appreciate it. The response to this legislation and to these hearings has been just incredible. We have not been able to accommodate all the people and groups that have wanted to speak to us. There has been a real interesting, insightful and wide range of views expressed.

I trust you will keep in touch with either your own MPP or members of this committee, be it the parliamentary assistant or critics from the respective opposition parties. Once again you are entitled, as a right, to receive copies of the complete transcript of these proceedings before this committee. Your own MPP will be delighted to provide that to you. I hope you keep in touch. Thank you for coming out on this cool evening.

Mr Millyard: The coal stations are running hard tonight.

CANADIAN PARKS AND WILDERNESS SOCIETY

The Chair: The last group speaking to us this evening is the Canadian Parks and Wilderness Society, Ottawa-Hull chapter. Please come and sit down. Tell us who you are. The coffee I spoke about, by the way, is there. It is a big pot. Make yourself at home, tell us who you are and say what you will to us. Try to keep your remarks to under 10 minutes so we have time to exchange views with you.

Mr Endenburg: First of all, this is Shelley Endenburg. My name is Jeff Endenburg. We represent the Ottawa-Hull chapter of the Canadian Parks and Wilderness Society, also known as CPAWS. I am sorry we do not have copies of our brief to hand out, but it is short so it should not be too hard to follow.

The Chair: We will have to listen all the more carefully.

Mr Endenburg: CPAWS is a national, environmental, non-government organization established in 1963 and now represents approximately 7,000 members. The Ottawa-Hull chapter, one of nine chapters across the country, consists of approximately 650 members from eastern Ontario and western Quebec.

The mission of CPAWS is to ensure the preservation of Canada's ecosystems through the establishment of parks and protected wilderness areas, thus preserving the diversity of habitats and species that make Canada unique.

To begin, I would like to thank you for the opportunity to comment on Bill 118. This bill calls for some important and necessary changes to the Power Corporation Act. Although I intend to address the implications of the bill in more detail later, I would first like to state the position of CPAWS on the direction Ontario Hydro should be taking.

CPAWS believes that for both economic and environmental reasons Ontario Hydro should be encouraging reduction of energy use, improved energy efficiency and increased use of alternative, particularly renewable, energy sources. The extraction, transportation and use of any source of energy has inherent negative impacts on wilderness. To minimize the impacts we must minimize the amount of energy we use.

Coal mining scars the landscape, pollutes water sources and consumes energy in the mining process. Burning coal releases carbon dioxide and other pollutants such as sulphur dioxide into the atmosphere. High levels of carbon dioxide

in the atmosphere have been cited by scientists as the cause of a possible greenhouse effect that may alter the climate of the earth and in turn irreversibly transform habitats that support the world's species.

It is hard to imagine the greenhouse effect being a bad thing on a minus-30-degree evening, but I think it is going to be bad. Sulphur dioxide is a major cause of acid rain, which continues to kill lakes and rivers in northern Ontario. The extraction, refinement, transportation and burning of oil are damaging to the environment. The building of pipelines for transporting oil from the north irreversibly damages delicate northern ecosystems and interrupts wildlife migration routes and breeding areas.

Transportation of all fuels consumes additional energy, creates additional pollution and presents serious threats due to spills. The Exxon Valdez accident is a dramatic example of the devastation caused by petroleum spills.

The environmental costs of nuclear energy far outweigh the benefits over the long term. Uranium mining, the tailings that result and the disposal of radioactive wastes, pose serious threats to all living creatures, including humans.

Hydro energy requires the damming of wild rivers, interruption and often destruction of fisheries and the flooding of wilderness areas.

The extraction, refinement and burning of natural gas releases pollutants into the atmosphere. Although switching to natural gas is encouraged as a cleaner energy source over other alternatives, natural gas is a finite, non-renewable resource that scientists are estimating is nearing the end of its supply. With this and other arguments in mind, it makes the best economic and environmental sense, in the long term, to minimize all energy consumption by encouraging and supporting efficiency measures.

The Ottawa-Hull chapter of CPAWS advocates three priorities for the reduction of energy used for heating. Our first priority should be to focus on thermal envelope improvements to increase energy conservation and efficiency. Such measures include upgrading insulation, sealing air leaks, improving windows, etc. If we use less energy, the demand for energy drops, thus decreasing the real need for Ontario Hydro to incur additional economic and environmental costs to meet electricity demands in the province.

Our second priority should be to encourage the use of renewable energy sources such as solar heating. This technology can be a truly viable alternative, but further research and funding are required to make solar and other energy sources both reliable and accessible. Following these two priorities, natural gas may be considered the least harmful energy option to encourage.

In this context, I will comment on some of the changes proposed by Bill 118.

Efforts to improve the accountability of Ontario Hydro to the government of Ontario represent positive changes to the Power Corporation Act. It is becoming increasingly important that Ontario Hydro serve the real needs of Ontario residents. These real needs are the services provided by energy at the least economic, social and environmental costs. Increased accountability to the government means enhanced democratic control over this utility which for decades has been irresponsibly increasing supply capacity

at enormous cost to consumers and to the environment. There needs to be greater public involvement in decision-making at all levels of Ontario Hydro operations to ensure that the people of Ontario are afforded the clean and healthy environment they want.

The proposed changes to the act make sense. Ontario Hydro and the residents of this province can realize economic benefits from the implementation of these measures. Changes to section 95a of the act will allow municipal electric corporations to spread the costs of energy conservation measures over several years rather than accumulating operating expenses in a given year.

There are tremendous economic costs associated with the use of electrical energy for heating. As an example, a study, the Economic and Environmental Implications of Fuel Shifting, conducted by Passmore Associates in December 1991 estimates that residential consumers in Ontario spent 77.8% more for heating their homes between 1975 and 1991 than if they had used natural gas or oil. For these residents, electrical heating was clearly the expensive alternative.

Robert Franklin, former president and CEO of Ontario Hydro, has been quoted as saying that for a 15 kilowatt electrical home heating system, Ontario Hydro must spend over \$50,000 to build the new generating capacity to supply the electricity. It is no coincidence that Ontario Hydro's debt has grown to \$30 billion in light of the fact that for the last 20 years Ontario Hydro has been promoting electrical energy for heating.

There are sections of Bill 118 that will impact directly on the environment. Of special interest are subsections 56a(3) and 56b(3) which clarify Ontario Hydro's plans to focus conservation efforts on overall energy efficiency and address the negative environmental consequences of relying on electricity for heating purposes.

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Electrical heating is far from being clean and efficient. Electrical space heating in the winter correlates with Ontario Hydro's peak demand period. To meet this demand, fossil-fuel-fired plants must be used. The Passmore study also indicates that a large percentage, from 60% to 90%, of the electrical energy produced in Ontario is generated by coal-fired plants. Coal plants produce more than four times the weight of carbon dioxide alone than natural-gas-fired plants. Emissions of other pollutants are also dramatically lower when burning natural gas fuel.

Although Bill 118 represents an important step towards the protection of the environment, it is only a step. There are many other measures that should be taken by Ontario Hydro if the real needs of Ontario residents are to be met. Emphasis needs to be placed on programs to minimize the consumption of any energy source used in the province. By embracing the priorities endorsed by CPAWS and doing more towards the ultimate goal of energy conservation, Ontario Hydro can set a positive example for other provinces and territories across Canada.

The Chair: We are going to have some questions, I am sure. Mr Wood is first.

Mr Wood: Thank you very much for coming forward and giving an excellent presentation. During the course of

this week we have had a pretty balanced group of presentations, but in a lot of the presentations brought forward, similar to the presentation you have brought here tonight, there is a concern that there are other ways and means of producing energy for heating homes and encouraging switching to other types of fuel, instead of having to build the big megaplants that have been built in the past and the debt that has been built up over the years. If conservation and switching are not encouraged through this bill, it will be detrimental to the people of Ontario. I do not really have a question. I just want to thank you very much for coming forward and presenting that and wish you all the best.

Mr McGuinty: I believe you contend that Bill 118 will make Hydro more accountable. You did not really cite specifically why you felt it was going to make it more accountable. Maybe you could do that for me.

Mr Endenburg: First of all, I would like to say that our main concern about the bill was to do with the environmental aspects. We are not lawyers. We do not have the background for the actual legalities of it, but in the past Ontario Hydro has not necessarily served the real needs of the public. Encouraging an increase in the use of electricity is not a responsible approach to take. I would like to see more accountability of Ontario Hydro to the democratically elected government so that the people of Ontario have more say in the direction Hydro is taking.

Mr McGuinty: I gather you are saying that Hydro is not doing a good job for its ratepayers—I think that is a fair statement in terms of what you are saying—so we are going to give government more authority to direct Hydro. What if we end up with a government that abuses that authority or for political purposes directs Hydro to do something that is not to the benefit of ratepayers?

Mr Endenburg: That is the way the democratic system works. We elect the government and we have to have confidence it is going to make the decisions we asked it to. That is the best system we have right now. At least that gives us the possibility of having more control over the decisions that are made by Ontario Hydro.

Mr Arnott: I have a simple question. I am just wondering if you have any concerns about the security of supply of some of the alternative forms of energy you have advocated tonight.

Mr Endenburg: Yes, we do, particularly these non-renewable sources of energy we are talking about, oil, natural gas and coal. They are all finite amounts and we definitely have concerns about that. That is why I think we need to look at more alternative renewable sources, such as solar energy, for heating, perhaps hot water heating, space heating. Perhaps wind generation can be an option in some places, and there are other sources, perhaps using wood in rural areas, as has been suggested by other groups, as long as these things are used in a renewable fashion. In other words, we cannot go and destroy forested areas, cutting down the trees and not keeping in mind that once those trees run out, then what do we do? We have to make sure we use these things in a sustainable way.

Mr Arnott: What about natural gas and oil? We do not have any local or Ontario sources of those particular fuels.

Mr Endenburg: I guess most of our natural gas, probably all of it, comes from the western region of Canada. It all has to be piped into Ontario. If we switch a lot of our electrically heated residences to natural gas, of course, there is going to be a greater demand on that and it is going to run out in the end as well. This is really why we have to start looking at renewable sources of energy. From our present perspective, natural gas burns cleaner. It is certainly much more efficient for heating buildings, residences. It is definitely less harmful in that sense to the environment. From that aspect it is a very positive thing, but of course it is going to run out, and we cannot use that without any environmental consequences. It has costs as well. It does produce carbon dioxide and other pollutants. We definitely have to keep all that in mind.

Mr Jordan: You referred to section 95a of the Power Corporation Act. What was your interpretation of that and what were you trying to bring forth from that reference?

Mr Endenburg: That section, I believe, would allow the municipal electric corporations to spread the costs of any energy conservation programs over a number of years, rather than incurring them as a capital cost in a given year.

Mr Jordan: Just to clarify that, do you mind if I read the amendment to you?

Mr Endenburg: No.

Mr Jordan: It presently says, "The cost of an energy conservation program to a municipal corporation or municipal commission shall be deemed to be a current operating expense of the municipal corporation or municipal commission." It will be a current operating expense. The amendment would allow it to be a capital expenditure. You are facing a scenario where you could have a commission elected that could go out and borrow a considerable sum of money and put that utility in a very bad financial situation because of some type of alternative energy it wanted to experiment with. At the present time they cannot do that. Whatever they are going to do for conservation they have to do out of their operating expenses and pass it right on to you in the rates so you do not put the utility in debt.

Do you really think it is good to now allow the utilities to get into a heavy capital expenditure? It could be very heavy, depending on the project. Then in three years they are not there any more. They are gone if the people decide, "I don't want this; they've put us in debt; this program of theirs did not work." They kick them out. Now the new ones come in and they face this debt. That is what I am concerned about.

Mr Endenburg: That is a potential problem. I think the Municipal Electric Association is responsible for serving the needs of the public and for making responsible decisions for the public it is serving. It is in their best interest to make these decisions such that they are going to—what I am trying to say is that they have to make the right decision for the people. If they put their money into

something that has not been proven, then there is a potential problem, I suppose.

Mr Jordan: What I am saying is that we feel safer if I institute conservation programs and have to make the rates match it so my books balance, not that I can go into some great project of a dream because I am elected and I am there for three years and I can put my utility in an awkward financial situation. I just wanted to clarify that.

Mr Klopp: On that point, I want a clarification. On the other side, can municipalities amortize or put costs over? When they buy a new utility truck, do they have to pay for that right off the bat out of that year's money?

Mr Jordan: They have to have Ontario Hydro approval.

Mr Klopp: But is that truck amortized over a number of years or does it have to be paid for that year, a new truck or a new transmission line?

Mr Jordan: That is equipment. Equipment and stations and fixed assets, if you will, are something different from—

The Chair: This particular discussion is best engaged in during clause-by-clause.

The whole committee—all of us—appreciates your taking the time, along with so many others, to prepare a submission, to put your thoughts and views down on paper in a most articulate way, and taking the time to come here on what is a somewhat chilly Ottawa evening. We have been impressed for the whole week now that this committee has heard submissions. This committee has been in Sioux Lookout, Thunder Bay, Timmins and now Ottawa hearing from people, some of whom have appeared before governmental committees many times, others who have appeared perhaps for the very first time, all of whom have been very forceful and very thoughtful in their comments. The next time you are with your colleagues at the Ottawa-Hull chapter of the Canadian Parks and Wilderness Society, please tell them, and we say this sincerely, that we appreciate that organization, along with all the others, taking the interest. This is how government can best work, when people make their views known. Keep in touch with your local MPP, as I have told others. He or she will make transcripts of this proceeding available to you. Keep in touch with that person with a view to finding out how this legislation progresses. We appreciate your being here very much.

This completes this evening's role for the committee. It has been a long day. The committee was up at 4:30 this morning so it could be accommodated at the Timmins airport and travel, as it did, to Ottawa. It has enjoyed being in Ottawa. We will be meeting in Toronto at Queen's Park on Monday, early in the afternoon, at 1 o'clock. If there are no other matters to be raised by committee members, we are adjourned until then, with my thanks to everyone for their cooperation.

The committee adjourned at 2003.

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